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THE FAR EAST UNVEILED

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The Far East Unveiled

An Inner History of Events in Japan and China
in the Year 1916

BY

FREDERIC COLEMAN, F.R.G.S.

Author of "From Mons to Ypres with French," "With
Cavalry in 1915," "Japan Moves North," etc. etc.



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Dedicated
TO
TWO OF MY MELBOURNE FRIENDS,
T. F.
AND
J. E. D.,
OF WHOSE INTEREST IN
THE MASTERY OF THE PACIFIC
THE PROJECT OF MY TOUR IN THE
FAR EAST IN 1916 WAS BORN

AUTHOR'S PREFACE

IN April 1916, the *Taiyo*, the leading monthly magazine in Japan, published an article by J. W. Robertson Scott, who subsequently brought out an expansion of it in pamphlet form.

From more than one standpoint it was one of the sanest, soundest, most temperate and most friendly messages to the Japanese, from a man who was frankly fond of Japan and the Japanese people, that has ever been written.

One chapter contained the following: "Experience of the past few years has shown that the best friends of Japan are not those who speak only smooth things to her. Those are her friends who tell her that Japan is now at the parting of the ways.

"Her statesmanship in recent years has been marvelously able. But it seems to be exposed just now to the severest test it has ever had to undergo. If Japan can exhibit wisdom, patience and self-restraint during the War her future can hardly fail of being glorious, and she will deserve the thanks of the human race. Those will be her deserts because, at a time when mankind was oppressed by bloodshed, as never before in human history, she dared to act with prudence, the finest foresight, and a deep sense of right.

"There is, however, another course open to Japan. She may be rash. Old as a nation, but young in her realisation of national power, she is like a young giant. She may forget what Shakespeare said, that though it is excellent to have a giant's strength, it is tyrannous to use it like a giant. Forgetting the limits to her own strength,

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she may fail to remember her not as yet fully developed commercial ability and industrial efficiency, the limits to her financial power which are so well known in the United States and Europe, the elementary stages which representative and parliamentary government have reached, the imperfect control which is exercised over an industrialism which may yet sap in no small measure the vitality of the nation, and the lessened degree to which religion or old codes of honour are controlling that social ferment which is inevitable during the active development of any country. She may not realise until too late the risk to which a still developing race is exposed in insufficiently considered contact with another race, equally old and much more numerous. The risk to which she is exposed is the risk of an alloying, a watering down, it may be even a submergence of those distinctly national qualities which are primarily the strength of Japan. In such a case it may be found that a great Empire, when it thought it was taking a step forward, was actually arresting its own progress."

Mr. Robertson Scott was right. In 1916 Japan was at the parting of the ways. One would indeed be bold who would say that she will be in any other position until the Great War is done and the world has had time to scan the actual conditions of the peace that will, please God, follow it for many a long day.

The future of Japan is in the hands of Japan.

It is not my intention in writing this book to prognosticate what that future will be. My object is to endeavour to tell the English-speaking world something of the actual conditions in Japan and the Far East at one stage, an important one, of her development.

I owe my trip to the Orient in 1916 to the editor and proprietors of the *Herald* of Melbourne, Australia. Knowing that I had spent many of the earlier years of my life in watching some of the strenuous times through which China and Japan had passed during the closing days of

the last century and the first few years of the present one, they proposed I should take a somewhat extended tour, and study the points that would most likely be productive of a fair, unbiased sidelight on current events in China and Japan.

I approached my task in no light mood. My own limitations were not unknown to me. For several months I worked hard to get to the bottom of things. I was not anti-Japanese, nor was I pro-Japanese. I have Japanese friends, but so far as I am aware, no Japanese enemies. If I may pride myself on just one point, I am a fairly impartial observer of men and events, except in so far as the actions of men or nations transcend those principles of right and wrong which are the natural inheritance of the average man born of God-fearing American parents.

It is far from my intention to thrust upon the reader my own likes and dislikes, my own opinions and conclusions. At times they may crop up, in spite of such a resolution. But speaking broadly, my constant aim is to put before my readers generally the actual evidence of my eyes and ears, both of which I kept wide open in the Orient for several months in the latter part of 1916.

I wish to tender my sincere thanks to the editor and proprietors of the *Melbourne Herald*, not only for making my journeyings possible, but for generously allowing me to publish this book from the notes taken while thus engaged.

My profound thanks are also readily acknowledged to the dozens of kind and patient Japanese and Chinese, many of them in the highest places, who left no stone unturned to assist me to come to a full and fair realisation of just what had taken place and just what was taking place in the Far East. No less is my gratitude due to the many English and American friends who generously laboured to keep me from the many pitfalls that beset the observer in China and Japan whose experience of neither country is so ripe and full as that of those who have spent

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their lives in the Orient. If at times I seem to have run counter to their earnestly expressed beliefs, I can only plead conscientious effort, and remind them that at times the perspective of distance from an object or a situation may give one the fairer picture.

Finally, I by no means believe that a war between Japan and America is inevitable. Many honest folk do so believe. I disagree with them with equal honesty. Before the day could come when the world might see Japan and America engaging in armed conflict for the Mastery of the Pacific, I have been, since 1916, confident that the lessons of the Great European War would not only have caused Japan to draw back from any policy that might smack of Prussian teaching, but would cause the awakening of my own country that has resulted in her so arming herself that her preparation, in itself, made her so strong, without the least diminution of her ideas of Right and Righteousness, that to attack her would be obviously foolish.

The world is growing better, not worse. That seems to be the general plan of things, after all. Japan and China can produce no picture, brought into proper perspective, that can make me any less hopeful that all will come right in the end.

FREDERIC COLEMAN.

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THE FAR EAST UNVEILED

CHAPTER I

JAPAN'S OPPORTUNITIES

AT times the eyes of the whole world are turned to the East, as some phase in the agelong struggle for the Mastery of the Pacific assumes sufficient importance for the moment to outweigh the interest of the people of the Western world in their more immediate affairs close at home.

Such special interest is almost invariably the fruit of some overt action on the part of one of the Powers, Occidental or Oriental, particularly when it takes the form of a recourse to force of arms or definitely threatens to do so.

The Great War in the West has so long focused the attention of participant and onlooker that nothing short of an actual outbreak of hostilities would draw that attention from the eastern or western fronts of the European conflict.

The world has always taken a spasmodic interest in the general question of the Mastery of the Pacific when it realised that some development of the interests of any one particular Power was taking place. That it will do so when the war in the West is over is more than likely. It will discover that some changes have been taking place, changes which will have given a different trend to the general problem of the progress of the Eastern world. That these changes have taken place quietly, without recourse to force of arms in the broad sense, that they have taken place at a time when no peaceful propaganda could possibly have drawn the eyes of the watchers of Armageddon in Europe, will perhaps make such changes all the more difficult of realisation by those who have not watched them in their gradual growth.

Japan's history has ever been of great interest to anyone

who has attempted a study of it. Some chapters of that history have been decidedly romantic. The chapter that was written in 1916 bids fair to be one of the most important, if not the most romantic, of them all.

A new school of thought has been born in Japan. It may be unfair to say it was born so recently as the span of the first twelvemonth of the war, but if it existed before it was not in sufficient evidence to attract the attention of most observers.

A number of the leading men in Japan have come to the realisation that Japan's opportunities at the moment are so great that her chief danger lies in the fact that the more material and immediate advantages that are within her grasp are not the real best fruits to be gathered from so unique a situation. These men are sufficiently far-sighted to realise that the development of a world-wide reputation for fair dealing is of more value to Japan at this time than much gold in her coffers; they can see that a removal of the feeling of antipathy for the Japanese and general suspicion of them from the minds of the people of China is of greater worth to Japan than many concessions of mining rights.

No doubt these men can see, too, that events are so shaping themselves that patience on the part of Japan and the Japanese will throw into their hands in a manner above criticism many of the plums for which they might be tempted at the present time to grab in a manner that might be open to condemnation from some quarters.

It was to study this new movement, and to gain some idea of the extent and scope of Japan's new industrial development, that I visited Japan and the Far East in 1916.

Japan is ever hospitable to the visitor in search of information as to her development and progress. Cabinet Ministers, leaders in political life, and diplomats in Tokyo gave me liberally of their valuable time. Editors and owners of the most influential newspapers throughout the whole Empire were cordial and patient. The leaders of the industrial and business world, at the kind instance of the Ministry of Commerce, spent long hours, and sometimes long days, satisfying my greed for detailed information and ocular demonstration. No sooner did I express a desire to meet some particular individual than I was at once put in

the way of meeting and talking to him to my heart's content. With very few exceptions, those factories, mills or works of all sorts that I particularly desired to inspect in the limited amount of time at my disposal opened their doors to me without demur and showed me their daily round.

A trip up the Yangtse Valley, a stay in Peking, and a few days in the more prominent towns and cities of Manchuria and Korea, capped by another period of factory inspection in such centres as Osaka, Kobe, Kyoto, Fukui, Nagoya, Tokyo and their various environs, taught me something of what Japan is doing in the way of commercial and industrial development, and something, too, of the plans of her manufacturers and merchants. Last, but by no means least, it gave me a glimpse of the methods by which Japan is proceeding in the most important work she has yet done toward winning the real Mastery of the Pacific.

I have no particular axe to grind, save that I wish to help that part of the world that is busy in other spheres to know and to realise what has been taking place in the Orient. From the industrial conditions in the Japan of 1916, and from the expression of convictions and determinations on the part of Japan's most representative men of more than one class, some idea of the trend of future events may perhaps be gleaned. My chief interest in such conclusions is to see that the facts from which they may be drawn are real facts.

CHAPTER II

JAPAN'S ATTITUDE TOWARD CHINA

THE great, undeveloped, dormant Empire of China is Japan's natural field of development. It lies at her very gates. No reasonable man will deny or minimise the wonderful natural advantages of Japan in the race for commercial supremacy in China.

Baron Ishii, while Minister of Foreign Affairs in the Okuma Cabinet, was one of the most representative of the Japanese politicians with whom I came into contact in Tokyo. He is a man of a very pleasing personality, and impressed me as belonging to that type of advanced Japanese thinkers and workers who were conscientious in what they said and honest in their expressions of opinion.

In the course of a conversation with Baron Ishii one day at the Foreign Office I asked him if he would be good enough to give me his opinion of the idea I had gleaned from a dozen talks with the real leaders of thought in Tokyo, with particular reference to Japanese aims in connection with China and the Chinese question.

He said he would be glad to tell me just what he thought of how far I was right in having caught the spirit of those with whom I had been in touch.

I told him I found that the more weighty and important element in Japanese public life was practically unanimous that Japan's admitted desires regarding China were (a) to obtain for Japanese as much opportunity as possible to develop China's natural resources and thus obtain China's raw material for Japan; (b) to secure China as a retail market for Japan's manufactured goods to the greatest extent possible, and (c) to secure sure and speedy advance for China as a nation toward development and power, deprecating any suggestion of partition of China of any sort, and always careful to see that China grew strong in such manner that her strength would be a bulwark to Japan.

against aggression from Occidental countries, and not a menace to Japan. To amplify the last clause, Japan might well look with some concern upon so great a nation as China might become, if the feeling of China were antagonistic to Japan. It was the duty of Japan, said most of my Japanese acquaintances, for Japan's sake, to see that the coming into her own on the part of her great sister nation should proceed along such lines as would ensure co-operation with Japan.

Baron Ishii at once told me that I had caught the idea of the Japanese quite correctly and concisely.

We talked at some length of what I termed the "Intellectual Element" in Japan. By this term I grouped the Japanese who had a more broad and less insular outlook, irrespective of their particular party standpoints, upon the question of Japan and her relations with other Powers. He agreed with the view I had formed that the Intellectual Element in Japan was not likely to be submerged or dominated by the Jingo element, obstreperous as that faction had sometimes shown itself to be.

Everywhere in Japan I searched for some party or faction that might have the view that the partition of China would in any way work out to the advantage of Japan. Nowhere could I find it. To keep Japanese commercial progress on the move in China was the admitted policy of all parties. Some disagreement as to how it should be done was at times discernible, but for the most part thinking Japanese could see the obvious advantages of proceeding in such wise that China would grow more friendly to the Japanese in her midst.

Ishii more than once pointed out to me how great was the scope of the new policy in China, the policy that took into consideration the feelings and susceptibilities of the Chinese themselves. The geographical location of Japan, the cheapness of her labour, her governmental policy of assistance to her business men, the fact that the Japanese and the Chinese have the same written language, the possession of Korea and its railways, the commercial foothold gained in Manchuria by the Japanese, and, above all, the fact that the Japanese are Orientals and as such understand the Chinese better than an Occidental nation and its peoples can ever hope to do, were points chosen as texts for argu-

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ments that Japan was bound to be the dominant competitor for the trade of the China of the future.

That a section of the Japanese was impatient that so great an opportunity, as that afforded by the distraction of other nations from China and Chinese affairs, should not be the excuse in itself for the propagation of various schemes for increased facility and privilege for Japanese commercial enterprise in China was undeniable. That this element was by no means to be despised was on all sides admitted, but no apprehensions were voiced that the Intellectual Element would ultimately be unable to hold its own, and a departure be made from lines that would commend themselves to those who held Japan's good name among the nations of the earth in high esteem.

No man failed to remind me that the path of Japanese politics is a devious one. Japan's political history is too young as yet, so far as her efforts toward constitutional government are concerned, to make her own sons too sure of what may happen. But unless some great change of heart takes place among the leading men of all parties in Japan, it seems fairly sure that no policy will be followed that will not have, as the general principle behind it, the conquest of China along natural commercial and industrial lines as distinct from any aggressive attitude that would tend to bring upon Japan the censure or disapproval of the Western world, and a further antagonism on the part of the Chinese themselves toward the Japanese.

So much for the general lines of a policy that seems to have truly taken strong hold on an important section of Japanese thought. That the other nations interested in China, its progress and its possibilities, its natural resources and its foreign trade, should be unable to quarrel with such a policy in the abstract is possible, but the method of the detailed application of such a policy is another matter.

Japan has declared herself an advocate of the Open Door for China. One may talk with what Japanese statesman or publicist one chooses, and one invariably finds a firm declaration that the Open Door in China is to be maintained by the Japanese as a matter of course.

It is to this question that the most importance attaches. Japan's right to a peaceful conquest of China which will

give her commercial domination in the Chinese Empire, with China's good will into the bargain is not to be gainsaid. But if Japan were to use such domination in any way unfairly to bar the door to the industrial and commercial representatives of the other Powers of the world, that would give cause for great concern to us all. Japan declares herself an advocate of the Open Door. How would she interpret the term? We naturally turn to Manchuria, to see how Japan is maintaining the Open Door policy there. It seems fair to conclude that Japan will keep the door of other parts of China open, once she has domination commercially in various districts, in much the same way she is doing in Manchuria.

CHAPTER III.

CONCERNING THE OPEN DOOR

PERHAPS the most natural source for information as to the foreign policy of a Government is its Foreign Minister.

After sounding many avenues of thought and opinion in Japan as to Japan's aspirations and intentions in Manchuria I asked Baron Ishii, as the Minister of Foreign Affairs of the Government in office, what he could and would tell me of the policy of Japan in Manchuria with particular reference to the Open Door.

"Japan certainly is maintaining and intends to maintain the Open Door in Manchuria," said Baron Ishii.

In course of conversation I pointed out that there was a very large number of Englishmen and Americans in the Far East who did not consider that Japan was keeping the door open in Manchuria, at least not sufficiently wide open so that any but Japanese could squeeze through.

Ishii said most stories to that effect were vague and of a most general character—so much so, in fact, that it was impossible to trace their correctness or otherwise.

He spoke of the many advantages under which Japanese business men in Manchuria operated as against the handicaps that the commercial men of the West had to face in that part of the world. The predominant numbers of the Japanese, the fact that Japanese operated the railways and that the Japanese language was used thereupon, the ability of the Japanese to understand the written language of the Manchurians, the better understanding of the characteristics as well as the material wants of the Manchurians which came to the Japanese as fellow-Orientals, the admitted assistance which it is Japan's policy to give to her business men in many ways, as well as a base of supplies near at hand, connected with Manchuria by

Japanese shipping lines that were themselves subsidised by the Government, were all instances of the natural advantages under which the Japanese in Manchuria were working.

"Our industries and our commerce are many years behind the industries and commerce of older lands," said Baron Ishii. "Is it not right and proper that the Government should foster their development in every legitimate way?"

He admitted that railway rebates favoured the Japanese in Manchuria, but was firm in his declaration that this was solely due to the fact that the railways gave certain reduced rates for certain volumes of shipment. If the Japanese shipped more goods in one consignment than their competitors they reaped the benefit of better rates. All this, according to the Minister of Foreign Affairs, was open and above board, admitted and there for everyone to see and equally for everyone, Japanese, Englishman or American, to take advantage of if he could.

Without wishing to appear contradictory, I pressed the fact that continuous reports from foreign business men who had dealings in Manchuria alleged that favouritism of other, less open and less fair, character was given to Japanese traders. Where there was so much smoke and where it was so continuously and consistently forthcoming, I argued, was it not likely that there might be found some fire?

Ishii at once admitted that one who sat in Tokyo might sometimes be unaware of detailed actions of individuals so far away as Manchuria. "Frankly," he said, "I am just as anxious to know of any such thing, if it exists, as you are. You are going to Manchuria. You knew something of it under the Russian regime. You will be able to judge for yourself something of the progress we have made and of the progress the country has made under our direction.

"Watch closely for signs of unfair treatment of Western business men and Western business houses in Manchuria, and tell me what you find. I will see that you have every facility that we can give you to find the truth. I will provide you with letters to the Governor-General of Manchuria and the Governor-General of

Chosen (Korea), and they will be glad to show you everything you wish to see."

I told Baron Ishii that Baron Shibusawa, the veteran banker of Japan, had given me letters to the heads of the South Manchurian Railway and the Bank of Chosen respectively, and that I would bear with me to Manchuria letters to the managers of the most prominent British and American business houses established there, letters written by the men who controlled the policies of such businesses in the Far East. Therefore I would have a fair chance to hear all sides of the question.

"You may tell your American and English friends," said Ishii, "that if they can convince you to your entire satisfaction that they are being handicapped in the prosecution of their business by what they and you would call unfair measures on the part of Japanese officials, on the railways or elsewhere, you will return to Tokyo and lay the matter, chapter and verse, before me. You can tell them further that if any unfair practices are in vogue, and you can put the proof of the fact before me, I promise to stop them at once and punish the offenders. That will afford you the best proof that I am conscientious in a desire to see Japan pursue an actual Open Door policy in Manchuria, will it not?"

"Remember," he continued, "there is a difference between perfectly legitimate encouragement of Japanese trade and unfair measures. Any advantages given by the Government to Japanese traders are only legitimate when they are perfectly frank and above board and are quite publicly granted. I shall be much interested to see you on your return to Japan, and will not hesitate to go thoroughly into any matter which you may wish to bring before me."

That sounded fair enough to suit the most exacting critic. A few weeks afterwards Marquis Okuma and his Cabinet resigned, and the appointment of Viscount Kato to the Premiership, which would no doubt have meant the retention of the Ministry of Foreign Affairs by Baron Ishii, failed to materialise as planned by Okuma and his immediate followers.

As I started on my journey through China, Manchuria and Korea, however, I came to the conclusion that any

discoveries I might make or any data I might collect would be interesting to others than the Foreign Minister of Japan.

I thought, too, that a certain amount of study of the past history of the sort of Open Door that Japan has maintained in Manchuria since she took a lease of a part of that province from China, relieving Russia from certain privileges as a natural concomitant of the result of the Russo-Japanese War, would help me the better to appreciate conditions in Manchuria in 1916.

With that idea in view I obtained access to various records, official and otherwise, but all authentic beyond all doubt, which gave interesting sidelights on Japan's previous view-points as to the meaning to her of the Open Door, and what she thought it was her duty and her interest to do toward adherence to the much-discussed policy.

CHAPTER IV

ANTICIPATION IN 1908

IN 1907 and 1908 British merchants in the Far East were much perturbed by the action of Japan in Manchuria.

More than one effort was made to get detailed information that would lead to some discovery of overt action on the part of the Japanese to which some definite complaint could be tied.

After considerable research I found reports of various bodies and departments bearing on this general subject. To quote from some of these reports will give the reader an opportunity to judge for himself how much or how little the investigations of those early days of Japanese occupancy proved the allegations that Japan was not adhering to the policy of the Open Door in Manchuria.

"It is extremely difficult," said one carefully compiled report, "in a distant country like Manchuria, to get chapter and verse for specific cases of obstruction to trade. The Japanese are far too clever to allow definite cases to arise in which clear evidence can be quoted against them. As the trade is almost entirely in the hands of Chinese and their own people, they doubtless feel a considerable degree of confidence that evidence of their action towards foreign trade cannot be produced.

"We have, however, the evidence of captains of local British steamers trading to Dairen (Dalny), complaining time after time of obstacles being put in the way of their ships, delay in allotting berths to them, only allowing them a limited time at the wharf, curtailing the hours during which loading or discharging is permitted, and pointing out that Japanese steamers can work under much more favourable conditions than British.

"The discharging of steamers is under the control of the Japanese railway administration, and it is therefore a reasonable assumption that if unnecessary difficulties

are put in the way of handling merchandise at the port of landing, more favourable treatment will not be accorded to it in the interior. Imports of English and American goods into Manchuria are very much smaller than formerly, when competition was open and free. A syndicate of Japanese manufacturers has been formed to exploit this trade, and there is reason to believe that it has the active support and patronage of the Japanese Government. The Government authorised advances to this syndicate of 5,000,000 yen (say £500,000) at 4 per cent. per annum, and a like amount at 4½ per cent. per annum, rates of interest lower than that at which the Government itself has borrowed, and considerably under the rate of interest charged by foreign banks. Special rates of freight have been arranged by Japanese shipping companies for carrying cotton goods from Osaka to Dalny. Although the railway administration was not in a position to allow a discount on freight directly to the syndicate, the Japanese Press states that it accorded 'certain facilities' for the transportation of syndicate goods."

And so I could continue to quote for pages and pages. Considerable generality, but little chapter and verse.

A statement from a high authority, recorded in March, 1908, spoke of the situation in Manchuria as follows: "There can be little doubt that the Japanese and Russians are both trying to take a firm hold in their respective spheres. Strong evidence of that fact is to be seen. Both nations are turning the settlements along the railway, which in some cases are very long, and in nearly all cases are the only sites available for foreign residence, practically into foreign concessions under their rule and control. Both at Harbin and at Antung the area is very considerable, many square miles at the former place, and under such circumstances it can hardly be successfully maintained that the principle of the Open Door is being honestly carried out."

An interesting sidelight on the discussion of this matter in 1908 is the record of an interview between the president of the most important business associations and a very astute and able Minister of a Great Power in Peking.

The Minister said he had discussed the question of Japanese action in Manchuria with that member of the

Cabinet of his Home Government to whose department such matters belonged. "I am of the opinion," he said, "that if sufficient reliable evidence could be produced that Japan is discriminating against the goods from my country, there would be little doubt that the Department of State concerned would lose no time in making representations to Japan on the subject. I personally could not say to the Secretary that I had proof to lay before the Department. No one has laid any clear evidence before me which would justify making representations to Japan. On my arrival in China I found a general feeling amongst my countrymen more or less antagonistic to Japan, but when I asked for proof of their contention that the Open Door policy was not being carried out, nothing definite was forthcoming."

After discussing the matter from all its standpoints and at considerable length, the Minister reminded his interlocutor that "some allowances ought to be made for Japan; that she had no outlet for her surplus population; that she could not colonise Manchuria, as the Chinese could underbid Japanese in the labour market; that Korea was a mountainous country in which there was little scope for surplus population, and that therefore it was only natural that Japan should make great efforts to establish her export trade." That Minister could certainly see things from both sides.

One of the most interesting investigations in 1908 took place in June of that year. The report that followed stated broadly that "Russia and Japan are both claiming a privileged position in Manchuria which is at variance alike in spirit and letter to the Treaty of Portsmouth."

"For example," continued this report, "the conditions upon which all foreigners may acquire the right to reside, hold property and carry on business within the precincts of the territory of the railway are as complete a negation of the Open Door as could be expressed in words." Those conditions are too lengthy to admit of full quotation, but one who reads them must needs agree with the report, particularly when it read thus: "Japan not only exercises what is practically absolute authority within the railway zone, but also claims absolute power in the large areas which she has occupied at all the chief centres of trade in

Manchuria, including the right of domiciliary search and distraintment in Manchuria. The position, then, amounts to this: that Japan and Russia between them have virtually annexed the sole avenues of communication between Manchuria and the outside world, and have brought large areas at the principal commercial stations under their sole jurisdiction."

Finally this report concludes: "It is quite clear that if Japan insists on all districts in Manchuria being served only by subsidiary lines connecting with the Manchurian Railway, she is taking up the position that Manchuria can only be developed through her agency. That may be held to be the Open Door, as access to the country would not be closed, but it would be the Open Door with a Japanese sentry in the portal, and development on these lines means that by the hundred-and-one methods known to Eastern administrations the spirit of the Portsmouth Treaty will not be carried out in practice. The trades which will feel the effect of the change most will be cotton goods and yarn from America, England and India. Experience has shown how the Japanese extinguished the Bombay trade with their own country by a stroke of the pen after the China-Japanese War, and if Manchuria comes under their control we have no reason to expect different treatment there."

The fact that, as the year of 1908 wore on, Japan occupied large areas wherein she not only exercised full administrative rights, but claimed entire jurisdiction over all nationals, was alleged in frequent reports as time passed.

One report said gravely: "It is not an unlikely contingency that Manchuria from north to south will be intersected by a strip of alien territory which there is nothing, at any rate in international law, to prevent from exercising an undue influence upon, and even of becoming an insurmountable obstacle to, the natural development of the three Eastern Provinces of China. Moreover, these alien strips of territory are irreconcilable with the integrity of China, and in the administrative, if not also in the commercial sense, are wholly repugnant to the frequently avowed principle of equal opportunity."

So much for anticipation in 1908.

A few weeks in Manchuria in 1916 should allow me, I thought, given the best avenues of information from the different points of view, to get some idea as to what extent the anticipations had been realised.

Had Japan kept the Open Door in Manchuria?

Surely, was my conclusion, Manchuria itself could best answer the question.

So to Manchuria I resolved to go.

CHAPTER V

AN ANTI-BRITISH PRESS CAMPAIGN

"No Englishman will ever forget the anti-British campaign in the Japanese Press when Britain was fighting for her life."

The speaker was one of the most prominent Englishmen in the Far East. His voice vibrated with emotion as he spoke, though his tone was low and his manner quiet and thoughtful. My attention was held by his earnestness. I knew he was not given to impulsive and careless utterances.

"I have been given to understand by prominent Japanese," I said, "that the Press campaign that criticised England so severely and advocated the abrogation or sweeping revision of the Anglo-Japanese Treaty emanated from and was conducted by a most irresponsible section of the Press."

"That is not true," was the reply. "The paper that began the business was the *Yamato*, a Tokyo paper that certainly could not be termed a particularly influential one. But the rest of the Press of Tokyo, with hardly an exception, joined in the hue and cry. Are you so surprised that we felt it deeply? Is it not natural that we should look for friendly sympathy from an ally at a time we were engrossed in a struggle for our very existence? Is it to be wondered at that when we received a stab in the back, instead of the support for which we had a right to look, the knife should go deep and leave a nasty scar?"

That those unfamiliar with the Press campaign that caused so much heartburning among the more thoughtful of the English residents of Japan may grasp its full meaning, I quote the following paragraphs from a pamphlet of English authorship published in Tokyo as an answer to a Japanese magazine article on the subject.

"Article VI. of the Anglo-Japanese Agreement says,

‘ The present Agreement will remain in force for ten years (from 1911).’ The same Article continues : ‘ If when the date for its expiration arrives, either Ally is engaged in war the Alliance shall continue until peace is declared.’ Nothing would seem to be plainer.

“The ordinary newspaper reader throughout the world interprets the present agitation in Japan for the abrogation of the Anglo-Japanese Agreement as :

“(1) An attempt to get rid of an Agreement which has not run for more than half the number of years contracted for.

“(2) An attempt to get rid of it in war time, which it had been expressly agreed should not be done.

“(3) An attempt to get rid of it because some Japanese think that Japan could do better for herself in China if no Agreement existed.

“(4) An attempt to get rid of it because some Japanese think Great Britain is not doing well in the war or is not going to do well. In other words, that the attitude of the Japanese will be different when the British Navy wipes out the German Fleet, or when Germany is driven out of France.

“(5) An attempt to get rid of it which continued for many months without, apparently, being reproved.”

The writer of the pamphlet from which I have quoted the foregoing paragraphs included in this publication, as a conclusion, the following declaration from Marquis Okuma, the Premier : “It is true that recently a small section of the Japanese Press has taken a stand that might be regarded as anti-British. But a so-called anti-British sentiment is confined to an extremely limited circle, and the vast majority of the people of this country and of the Press of Japan is extremely friendly to England and the Allies. I assert positively, without any fear of successful contradiction, that Japan is loyal to her alliance, friendly to Great Britain and faithful to all her undertakings. The Anglo-Japanese Alliance is just as strong to-day as ever it was.”

A statement by Baron Ishii, as Foreign Minister, was also quoted. It read : “In normal times, with a world at peace, arguments and discussions over the terms and conditions of existing international treaties are permissible. But now, with the world at war, with our friend and Ally

engaging a relentless enemy, is not the time for such discussion or dissension. The Frenchman has an expression which fits the case—*Noblesse oblige*—and so it will be with Japan while this war lasts and afterward."

That was the line taken by the best element in Japan—what I like to term the Intellectual Element.

Having heard more than one view of the anti-British Press campaign, I decided that it would be interesting to find out at first hand what was the view of the editors of the papers themselves. To that end, and to see what manner of man occupied the editorial desks of the leading Tokyo papers, I obtained introductions to half a dozen of the most prominent journalists and editors in Japan.

There are a score of daily papers in Tokyo, but six of them stand out distinct from the ruck. Most prominent and weighty with the thinking and upper classes is the conservative *Asahi*. The *Asahi* did not join in the attack on the British and the British Alliance, so its editor, Mr. Matsuyama, told me.

Next in influence with the intellectual element comes the *Jiji Shimbun*. Its editor, Mr. Ishikawa, told me he was a frank critic of Okuma, particularly with regard to the Premier's policy with reference to China. Mr. Ishikawa and his paper were not among those which advocated the abrogation of the Anglo-Japanese Treaty, so he said. He was critical of some of the actions of the British in the Far East, but was by no means anti-British in the broad sense.

The *Nichi-Nichi Shimbun* of Tokyo has, perhaps, the largest circulation of any daily paper in the capital. It is a paper that openly appeals to the masses. One of its most prominent leader writers told me that the policy of the paper was frequently dictated on certain subjects by the *Dai-Nichi Shimbun* of Osaka, which is operated under the same ownership and is one of the most influential papers in Japan. The editor of the *Nichi-Nichi* seemed to possess somewhat less personality than some of his colleagues, who are most of them strong men who hold opinions of their own. The *Nichi-Nichi* published two very anti-British articles during the campaign against England. These were directed from the *Dai-Nichi* office in Osaka, which was violently anti-British.

The *Kokumin* is one of the leading papers in Tokyo. It is a free lance in politics. "I tilt," said the editor, Mr. Tokutomi, "at whatever I like to assail. I am a great admirer of Marquis Okuma, for instance, but I assume the rôle of what you would call his candid friend." No one could meet Mr. Tokutomi without liking him. More brilliant than many of his colleagues, I should think him more likely to go off at a tangent once in a while. He said he did not think the anti-British campaign assumed so much importance as it was given by Englishmen in the Far East. He admitted friction between Japanese and English in the Orient, but discussed it rationally. He said his paper was quite as apt to criticise the British as the Japanese. He declared, to my surprise, that he took no active part in the campaign started by the *Yamato*. He had campaigns of his own to engage his attention, he said. Tokutomi is plainly a law unto itself, and has much sound common sense. But he was mixed up in the anti-British campaign for all his lack of memory on the subject.

The *Hochi*, of which Dr. Soyeda is editor, has a wide circulation in Tokyo, which it used to spread anything but sober counsel at the time of the anti-British controversy. While it was not so rabid as some of the less responsible and less important papers, it published articles which showed that its heart was by no means in the right place. It came into line in a very different spirit, however, subsequently.

The other newspaper of the six Tokyo dailies that have widespread influence is the *Yorodzu*. Many of the articles that the *Yorodzu* published when the anti-British campaign was on, might be called anti-British by some and pro-Japanese by others. It is prone to hammer-hard at the attitude towards the Japanese in Canada and Australia. Here is a sample :

"What is the attitude of England to Japan? It is not a proper one. The attitude of the home country of the British may not necessarily be improper, but the attitude of the British colonies is indeed very insulting to the Japanese. In Australia, South Africa and Canada the Japanese are being excluded publicly. Should not the British people be ashamed of themselves to give us such cold treatment, when our attitude is so faithful to them?"

This, too, is a fair sample of what the *Yorozu* thinks is good editorial matter for its readers :

" In China the Englishmen take an anti-Japanese attitude, to our great chagrin. The anti-Japanese attitude in India is also an unwise thing for the Englishmen. But the British anti-Japanese attitude in China and India is shown covertly rather than overtly. In Australia, South Africa and Canada the English are clearly insulting the Japanese. Is it not a haughty attitude to exclude one's friends when these friends have been helping one while one was in trouble? We cannot understand the attitude of the civilised Englishmen. Unless an improvement is made in this respect, the Japanese patience must soon be exhausted. To-day, when we have shown loyalty to our pledges toward England it is a most opportune time to deal with this matter."

On every side I found, so far as Tokyo was concerned, that most Japanese considered no paper outside the six I have particularly mentioned cut any special figure.

Continually I met Japanese in high places who deplored the fact that papers of little weight in Japan were quoted abroad as though they represented Japanese public opinion.

Thus the matter stood in Japan.

The Japanese admitted that an anti-British Press campaign, advocating openly the abrogation or revolutionary revision of the Anglo-Japanese Treaty, took place in Japan at a time when Britain was at war. But they minimised the importance of the papers that took part in it, declared it was aimed against the English in the Far East rather than against Britain as a Power, and said the obscure Press was out from under any real control and not worth bothering one's head about.

The Englishmen in Japan did not pass over the subject so lightly. The quieter the Englishman the more deeply he felt the disloyalty of the attack.

The fact that the campaign took place did not tend to better feeling between Japanese and English in the Far East. That is a pity, for the feeling, without such extraneous aids to make it bitter, was quite sufficiently unsympathetic one for the other.

CHAPTER VI

ON ENGLISHMEN IN THE ORIENT

I WAS talking to a prominent member of Marquis Okuma's Cabinet in Tokyo, not long before Okuma's resignation of the Premiership, when the subject of the friction between Englishmen and Japanese came up.

"To what do you attribute," I asked, "the prejudice against the Japanese on the part of the English business men in the Far East of which one hears so frequently in Japan? I have heard so many Japanese mention it, that I have come to look upon it almost as a matter of course. You are a broadminded man and can look at such a subject from both sides. Is there any real friction between English business men in the Far East and Japanese business men, as a class?"

"I think you may take it that there is a general feeling of antagonism on both sides," was the reply.

"To what do you attribute it, chiefly?" I queried.

"It is a big question to deal with in a sentence," said the Cabinet Minister. "My own feeling about the English business men in the Far East is that it is hard for them to realise that the old golden days of English trade in the Orient have gone for ever. Business houses that for many, many years have had things pretty much their own way in China, for instance, have been faced with new conditions under which they have seen their trade dwindling down to a mere shadow of what it once was. It is hard for them, and they do not take it kindly. Long priority of establishment gave many of them the not unnatural feeling that they were what I might call lords of the soil. They are confronted to-day with a class of competition, some of it Japanese, most of it Japanese in some quarters, which is particularly galling, because it seems utterly hopeless for them to try to compete successfully against it. And the fact of the matter is, that such competition is in many

instances quite beyond them. They have no chance against it."

"You really think that the root of the dislike for the Japanese on the part of the English in Chinese treaty ports is the successful competition of the Japanese traders?"

"I think that is the fundamental reason. Local causes may exist here and there. Individual actions play their part. But the broad cause is British disappointment that their paramount position is being assailed, and in some cases assailed successfully, by the Japanese."

"What, then, in turn, is the principal reason for the Japanese feeling against the Britisher in the Far East on the part of such a considerable section here in Japan? I have repeatedly been given to understand that the anti-British Press campaign in Japan during the war, that ran on for many months, was primarily engendered by a Japanese resentment against the British in the East, as distinct from the English at home."

"The reason for the feeling against the English in the East is largely due to the continuous hostility of the English to the Japanese, especially in China and India. The English in China are so openly anti-Japanese as to cause natural resentment. They think themselves so much better than the Japanese, and lose so few opportunities of showing that feeling, that it is not to be wondered at that bad feeling is caused."

After dozens of talks on the subject with men of many nationalities and shades of opinion, I found no one who hit nearer the mark than did the Japanese Cabinet Minister in those three sentences. There lay the crux of the matter. It goes deep, for it is a matter of race. Hard indeed will it be to eliminate it entirely until men change their ideas as to their own civilisation and that of other nations.

A fine type of Englishman in the Far East, one who is well known for his lovable disposition and his equity, said to me one day: "The Japanese in China insists that the Englishman shall accept him on an equal footing, absolutely as an equal. That the Englishman cannot and will not do. He cannot even pretend to do so. Such an attitude the Japanese resents bitterly. Such is the basis for a racial dislike between the British and the Japanese in China. When all other causes of friction are cleared

away this remains. Who shall say when it will disappear?"

That submerged every argument I heard in Japan on the subject. Japanese journalists had told me of thwarted Japanese at Tsing-tau, of Japanese ships fired on by English guns in Chinese waters, and many stories of like character; but in the background always loomed the spectre of a failure on the part of the English to take the Japanese at his own valuation.

Why does the Englishman not do so?

Is the Japanese to be held blameless that the British in the Far East will not accord him equality?

Let us look over the history of business development in China and see if it throws any light on the subject.

A well-known diplomat, held in high esteem in the Orient, once said that British merchants in China gave frequent indications that they did not like to see the monopoly that formerly belonged to them partially transferred to others. "Residents at Shanghai," he said, "are apt to take a limited view of questions which involved large issues—they are not disposed to look beyond what affects their trade for the time being." That is the judgment most men who have spent some time in China would pass on the British business men there. They may be loath to give up their paramount position. They may be obsessed with the importance of the local point of view. One might even call them narrow-minded on many topics without doing them a glaring injustice. But no one would impugn their honesty. The English business man has a good name in the Far East. I made strict inquiry as to whether he had changed in that respect since sixteen years before, when I knew more of business in China than I knew in 1916. One of the best known business men in the American colony in Shanghai, after speaking of British-American friction owing to business adjustments during the war, paid the individual integrity of the British a high compliment.

What of the Japanese business man?

The Japanese who does not recognise that commercial morality is not Japan's strong point is blind to the plain faults of his countrymen. Commercial morality in Japan is improving day by day, but all too frequently the evidences of such improvement are hard to find in China.

Most flagrant of the instances of habitual commercial immorality on the part of the Japanese as a class is the Japanese attitude against trade marks. No trade mark and copyright law exists in China. It is the custom of Japanese manufacturers to produce any monopolised commodity which they can make at a profit, and to copy not only the goods but the brand, name and trade mark. More than one company in Japan exists solely to copy the goods of some foreign firm, following the original package as closely as possible in every detail. With cheap and efficient labour at their command, there are indeed few articles of foreign manufacture sold in China that cannot be produced in Japan at less cost.

A case was recorded in 1916 in India wherein an Indian firm was restrained by the court from selling Japanese soap which was put in boxes of a particular style and colour and with a label of peculiar design, solely to counterfeit a well-known soap of local Indian manufacture. The evidence of the defendant company laid the whole blame on the Japanese manufacturer. So much so, in fact, that a paper published in Kobe made the following comment on the case :

"According to the Indian importers the Japanese makers are so keen on spoiling somebody's reputation that they make the fraudulent imitation even when asked not to. That may or may not be. Of more interest is the question whether, in the event of the schemes for inspection of exports maturing, any attempt will be made to prevent the export of fraudulent imitations. These injure foreign manufacturers in the first place, which may be no concern of Japan's, but in the ultimate issue they destroy Japan's reputation, which is very much her concern."

Imagine a man subjected to such competition who has worked hard and spent a considerable sum of money creating a legitimate trade in a good article protected by a trade mark. His views on the subject of Japanese commercial honesty will be strong.

Sometimes Japanese themselves see that there is a reason for some feeling, on the part of the Englishman in the Orient, that Japan has not played the game. A Japanese writer in a Japanese publication wrote as follows :

"The English point out that the Japanese promised to leave the Korean Customs Tariff unchanged for ten years, but that promise is now being ignored. The English in China do not say very much against the establishment of Japanese interests and privileges in Korea, Manchuria, Shantung and Fukien. They have, however, some reason to be indignant with the Japanese in the fact that, without saying anything to Great Britain, as she should have done in view of the Anglo-Japanese Treaty, Japan intended to get from China by force the privilege of constructing a railway at a certain place near the Yangtze where the British had established their commercial interests years and years before the development of Japanese interests at the same place."

The fight which faces the British business man in the Far East of the future is a hard one. America is a keen competitor. Germany will undoubtedly strive hard for her share of the business of China. But hardest of all to meet, in some lines, will be the competition of the Japanese, the only one of the foreign business contingents in China who have such cheap labour at home, such advantages for transporting their goods quickly and cheaply to China, and who can use their own salesmen. The British and other foreign business houses must depend upon their native selling groups. The Japanese salesmen speak Chinese, dress as do the Chinese, eat as they do, in short, live as they do. This not only puts them closely in touch with the consumer, but does so at a price against which no foreign salesman can ever hope to compete.

The sensible British trader sees all this, and admits it. Unpalatable as it may be from a business standpoint, it is as nothing to him compared with the competition that is underhanded and unfair. That he feels and feels deeply.

He is tenacious of his opinions, the Englishman, and it will take evidence to make him change his mind. He does not like the Japanese and Japanese methods. He says so if questioned. He will not accept as an equal the Japanese business man, as a class. This attitude the Japanese resents. So the feeling runs in a vicious circle. And so, to all appearances, it is likely to do for some time to come.

Time, and the Japanese, may, and probably will, change it.

CHAPTER VII

SIDE LIGHTS ON CHINA

BUT few Chinese have borne a name so well known to the Western world as that of Wu Ting Fang.

As Minister from China to the United States he achieved a great reputation as a quaint Oriental individual, something of a philosopher, and something of a humorist.

The report was spread that Wu Ting Fang retired altogether from political life. He lived in Shanghai, said Dame Rumour, and took but little or no interest in current affairs. He was possessed of an hallucination, said some, to the effect that he had discovered the secret of great longevity, and declared his firm intention to live to an age of at least 150 years, if indeed he did not complete his second century.

When hovering on the borders of the little war in Kwangtung in August, 1916, I attended one or two conferences wherein a representative from the Central Government at Peking was present, and a representative of the Revolutionary Party in Shanghai as well. On the occasion of such gatherings the mention of the name of Wu Ting Fang was not made in a manner that would lead one to understand that he had abandoned politics altogether. By no means. Quite the contrary.

Wu Ting Fang was a factor in the political life of China in 1916, and no small factor at that. He had not come into the limelight, but he was a power to be reckoned with, nevertheless. Many weeks after the following notes were written, Wu Ting Fang went to Peking as China's Minister of Foreign Affairs.

When I came to Shanghai I proposed calling on Mr. Wu and paying my respects. I found that, for his years, he was astonishingly young. He must have been born nearly seventy years ago, if not more. I asked his friend,

Liang Chi Chiao, next day, how old he thought Mr. Wu was. Liang did not know exactly, but knew Wu to be well past sixty.

Yes, Mr. Wu is really remarkably young, if appearance and spirits and vivacity and energy are signs by which age can be judged. He is literally lively in mind and body alike. He is not a large man. His face is keen and highly intelligent. Good humour shines from his eyes. His voice is that of a man truly in the prime of life. He talked to me for nearly three hours without the slightest signs of fatigue, and discussed many matters with no little warmth and some with the most intense and real enthusiasm.

We talked of China and Chinese politics from many standpoints. Much that we discussed was not for publication. When Mr. Wu said something for my private ear he merely indicated that fact without undue emphasis. But for the most part he talked frankly and freely of China, her problems and her possible future. Moreover, he "talked sense."

"What China needs at the present stage of her history is time to grow up," said Mr. Wu. "China, or at least the Chinese Republic, is the little boy of the nations. We are only so high," and Mr. Wu held his hand a couple of feet from the floor.

"There is crying need for many things," he continued, "but nothing do we need more urgently than currency reform. Our present Minister of Finance is a good man, but he has too much to do to hope to be able to give his attention to such a huge question. We need the establishment of a new ministry, the appointment of a Minister of Currency. Never will China get out of her monetary troubles so long as the present chaotic state of her currency system, if such it can be called, exists."

Wu Ting Fang was most anxious to know what I thought about the prospect of China being able to borrow money from America and England. I remarked that outside Powers would like to see more settled conditions in China, and that outside finance would feel more security for its loans if more stable conditions existed in the country. Then, too, there was the question of how the money was to be spent, and how such loans as might be made should be secured.

"Things are steadily improving in China," said Mr. Wu. "Sir John Jordan once said in a speech that Yuan Shih Kai was the only man who could keep peace in China. Yuan is dead. There has been more peace since his death than before it. Assassination was frequent under Yuan's rule. It is practically unknown now. Yuan did not dare leave his Yamen. He would have been shot if he had shown himself, and he knew it. President Li Yuan Hung goes about freely when and where he will, without a guard of any sort. He is not afraid. Nobody wants to shoot him. Does not that in itself show a better condition of things?"

Mr. Wu spoke of the habit of the man in power in Peking inviting all and sundry to come to Peking and become advisers of the Government. That, he said, is a Chinese habit. Yuan Shih Kai had it. Yuan asked Wu Ting Fang more than once to come to Peking and take a hand in the affairs of state. Before he died Yuan had not less than a thousand advisers of one sort or another.

I spoke of the note from President Li asking Sun Yat Sen to come to Peking and act as advisor to the Central Government. "Is Sun Yat Sen still a power behind the scenes in China?" I asked.

"Sun Yat Sen," replied Mr. Wu, "was the first President of the Republic. You must not forget that. He will always have some following and some weight on that account alone, outside of any other considerations.

"But with regard to President Li's invitation to Sun Yat Sen to come to the capital and act as an adviser, you do not understand that, you Western folk, because you will persist in looking on matters of Chinese politics with Western eyes. We read between the lines of all 'open letters,' and all other letters too, for that matter.

"Suppose a man wants to borrow money from me and writes asking for a loan. If I did not like him and did not wish to lend him the money, I would not write and give him an out and out refusal, as might be done by an American. No, I would write a letter saying that I realised his quandary and greatly sympathised with him; that nothing would please me more than to let him have the money, but that unfortunately at the moment demands had been made upon me which had completely drained my

purse; that I could not give him, much to my regret, that which I did not possess, but that I would see what I could do toward helping him in the future; if matters should so turn out that I could help him I would at once let him know. That is the Chinese way. If that is true of a transaction in private Chinese life, you can imagine that you must not take too seriously such Chinese political letters that may come before you.

"Besides, the mere asking of a man to come to Peking and assist the Government means nothing, for every Government asks everybody to come to Peking as a matter of courtesy. As I have told you, Yuan Shih Kai asked me to come to Peking. President Li asked me to come and help him also. He asked me again, subsequently, in a way that showed that he really meant the invitation, but I decided not to go. Not now."

Wu *did* go, later.

"Did you ever study the human aura in Peking?" asked Wu Ting Fang. "It is a peculiar thing that anyone who stays in Peking for the space of a year becomes steeped in conservatism. Men may go there full of radical ideas. They become conservatives to the core. I told that to the present American Minister to Peking, Mr. Reinsch, when he went to Peking. No man escapes it. Peking slows everybody down. It always has done and always will do."

"Does that account for the apparent weakness of the present administration?" I asked. "I was astounded at the way in which President Li handled the men who were mixed up in the recent trouble in Kwangtung and the South. He seemed anxious to propitiate everyone regardless of the part they had played in the matter. General Shum Tsen Huen and Li Lit Kwan, Luk Wing Ting, and General Lung Chai Kwong on the other side, were all to get a job somewhere, were all to be given something to induce them to be good."

"That is the Peking way, and always has been," answered Mr. Wu. "From time immemorial the effort of the Government has ever been to please as many people as possible. Li is no different in that respect from his predecessors."

"By the way," I said, "to what party do you belong, Mr. Wu?"

Wu Ting Fang laughed in the peculiarly engaging way he has of laughing. "I belong to more than one," he replied. "They ask me to join their parties, and wishing to be obliging, for I am Chinese in that particular, you see, I join them. But I do not attend the meetings. I am willing to help, when I can, and sometimes they ask me what I think. I tell them, sometimes. Our Chinese Republic is very young, and needs much guidance. But most of all, it needs time. It cannot grow up in a minute. Things are not going so badly. You must not believe all you read in the papers in China. Far from it.

"One of the greatest of the problems that are engaging our attention at the present time is just how to go about the big question of inculcating some initiative in the Chinese. We have rather a plethora of very young Chinese who go to Japan for a smattering of an education and come back to China with half-formed ideas. We have a dearth of men who are in any way capable of organisation of any sort. What we must have is outside assistance in the way of teaching. The reforms that China needs most cannot be effected by Chinese or under Chinese jurisdiction. Nepotism, agelong custom, and all the wheels within wheels of an intricate system that has grown to be a part of Chinese life in almost every sphere of existence stand in the way of reform of Chinese affairs by the Chinese themselves.

"To give you an example, let me tell you of my experience in a personal effort to work some reform into the organisation and control of the greatest Chinese company extant, the China Merchants Steamship Company."

Wu Ting Fang's eyes sparkled and his voice grew eager. He recounted the battles he had waged with a vim and an enthusiasm that made me amazed at the wonderful vitality of the man. His years seemed to have passed him by, and truly to have left him in possession of his real youth, as it is his habit to assert that they have done.

The story of his attempt at the reorganisation of the great Chinese concern was so typical of the China of to-day that one might almost read from it a parable.

CHAPTER VIII

MORE ABOUT CHINA

"THE China Merchants Steamship Company," said Wu Ting Fang, "is the biggest Chinese firm in existence. As a shareholder and director I essayed some reforms which would, had they been adopted by the company, have bid fair to have increased the value of the company, its scope, and its power, immeasurably.

"One of the first and foremost necessities which confronted us in our work of reform was the appointment of a foreign business head for the concern. The Chinese family system, the old nepotism which has wrapped all Chinese affairs in its coils for so many centuries, made it absolutely impossible for a Chinese to make any real headway in a reorganisation of the company. The squeeze system, blood brother to that nepotism which hampered all efforts toward change of management or methods of doing business, was ingrown into every fibre of the China Merchants Company.

"The reform we planned was nothing extraordinary in itself. It was nothing more than any Western business man could see at a glance was the natural concomitant to placing the general conduct of the company on such a basis as is usual with all such concerns. There is more than one well-known shipping house in the Far East which is conducted in an up-to-date manner. From any one of them a score of obvious lessons could be learned by the veriest tyro in the business when their way of controlling their employees and property was compared with that under which the big Chinese company was operated.

"The shares of the China Merchants stood at 120 taels each when I began to interest myself in the proposed reform. The mere talk of a reconstruction on sensible lines put the shares up to 160 taels at once. Had my plans

gone through those shares would be worth easily 400 taels each to-day, at a conservative valuation."

Next day I had a chat with one of the largest shipping men in the East, a man who knows the shipping world inside out. I told him of the figures mentioned by Mr. Wu and asked his opinion as to their correctness. He said there was not the slightest doubt that Wu was quite correct. The figures he had given me were sound.

"But that reconstruction was not to be," continued Wu Ting Fang. "The moment those most interested in the management and operation of the company got wind of my plans, the old dragon of nepotism lifted its head and began a fight for its existence. Here was an instance in which a Chinese, in company with other Chinese shareholders of a Chinese concern, attempted to launch a propaganda which had no possible object save the betterment of the Chinese concern itself, a betterment which any man of ordinary intelligence could see at a glance was sadly needed and which was obviously sure of result.

"The ability to organise does not exist in the Chinese. We know it. One of the crying necessities of China is teaching along those lines. Here was a good chance for Chinese to learn something of those methods of organisation which had assisted the Western companies operating in China to administer defeat to competitors along many avenues of the shipping trade.

"We talked all this to those interested, we argued and pleaded with those who were disinclined to listen to us. What was the result? From the outcry that was raised by those in opposition to our suggestions one would have thought that the entire disintegration of the concern was planned. The point of the placing of a competent foreign business man at the head of things was seized upon, together with the fact that we advocated the introduction of more capital in order to effect more speedily some badly needed changes that would enable us to spread out into new channels that lay waiting for us, and a report was spread that we were about to sell the company to the Japanese. Next rumour had it that we were on the eve of putting the company under Japanese management. A few days later news was spread that one million yen had

been sent to us in Shanghai from Japan, and that the Japanese were about to be allowed to get the whip hand in the directorate. So the fight went on. Appeals were sent to Yuan Shih Kai in Peking praying him to intervene on behalf of the Chinese Government and prevent the company from being lost to China.

"And all this without the slightest shadow of foundation. Not a shred of truth was in one single rumour. The man we had picked for the position was an Englishman, long and well known in shipping circles in China. No Japanese was ever thought of. No proposal to interest or accept Japanese capital was ever broached. The whole campaign of the anti-improvement element was based on a tissue of falsehood.

"But China is China. The reports spread with alarming rapidity, and such fear was felt on all sides that some secret scheme was afoot that every one of our proposals was defeated and eventually dropped. The shares dropped with them, and went back to 120 taels, where they are to-day. Japanese lines have come since in increasing numbers and are in many instances getting the trade that might be going to the China Merchants to-day, except for the difficulties of uprooting the very system on which all Chinese business is founded.

"What was true of the China Merchants Company is true to-day in almost every department of Chinese affairs; in private commercial matters or in matters pertaining to the conduct of the Government itself. Sir Richard Dane has begun the reform of the salt gabelle, and from the very fact that he is not a Chinese he can sweep away cobwebs that no Chinese could displace, no matter how conscientious and hard-working he might be. China needs money. She must have money. Chinese hate to see the land taxes pass out from under the control of the Chinese themselves, but how else are the land taxes to be so reformed that they will yield what they should produce in the way of revenue? It is a great problem.

"What about the Japanese, Mr. Coleman? Are they good administrators? Do they organise well? They understand China better than it is possible for the Western nations to understand us. Is it altogether unwise for us to look to the Japanese for some assistance in the organis-

ing of some of our resources? What do you think of their capabilities for organisation?"

I could but admit that the Japanese had exhibited no little ability of late years in that direction. I had been watching some of that Japanese co-operation that extends from the loom and mill in Japan to the wholesale house, then on to the merchant and shipper with the assistance of the shipping company itself, and still on to the distributor in China and at last to the very salesman himself. Insignificant though he might be, incapable also at times, there was always evidence that he was a part and under the eye of a parent organisation that was neither incapable nor slumbering.

"Speaking frankly, Mr. Wu," said I in further reply, "the Western observer in the Orient, particularly he who has the welfare of China at heart in general, is a little dubious about the wisdom of China allowing Japan too close connection with her internal affairs, for the reason that Japan has, we fear, a point of view with reference to what we term the Open Door policy that is not in accord in every particular with ours. When Japan treats the foreign business man as she treats him in Korea it is more or less her own business and no one else's. In Manchuria, which is not a part of Japan, but happens to be a part of China, Japan's methods seem to diminish other foreign business and increase her own in a manner and to an extent that makes one wonder if the Open Door policy, as the English or the Americans would interpret it, is being applied there. I do not pretend to know, and I am on my way there to get some first-hand ideas on the subject.

"But broadly, Mr. Wu, if bringing the Japanese closer into touch with China, and gaining their organisation of Chinese affairs for China, is going to put them in a position to crowd out the other foreign business men, I confess I cannot see the benefit to China in the long run. That lesson we learned in America through our experience with our trusts. The consumer is never ultimately benefited by the strangulation of fair, healthy competition. Then, Japan is not popular in China, is she? Would not that affect the feasibility of her taking over the organisation of some of China's more intimate internal affairs?"

"Japan understands China better to-day than she did,"

said Wu Ting Fang thoughtfully. "The war of 1894 was caused chiefly through Japan's hurt pride at the scornful attitude of the Chinese toward the Japanese. Later years have seen a section of the Japanese look down on Chinese methods sometimes. The Five Group Demands of 1915 caused the Chinese to feel bitter against the Japanese again, but Japanese statesmen of the better class are promulgating a better policy toward China. The best minds in Japan see that to make China friendly toward Japan by an attitude that is good for China as well as good for Japan is going to be the most sensible policy for Japan in the end. Unless the signs of the times in Japan are misleading, China may look for fair treatment from Japan, I think."

"But, Mr. Wu," I insisted, "what about the Open Door? Will Japan shut China to the foreign concern if she gets an opportunity to do so without embroiling herself in international dispute?"

Wu Ting Fang shook his head and sighed. "I am, of course, a believer in the Open Door. What Chinese is not? But we have no talent for organisation, we Chinese. I do not know. I do not know."

I left it at that. Wiser heads than even Wu Ting Fang's might find the knot hard indeed to unravel. The future will bring its own problems for China, no doubt, but few of them will be harder of solution than the one with which she is faced to-day in connection with her problem of just how to deal with her fellow Orientals, the Japanese.

As I left Mr. Wu we turned again to lighter vein. Remarking upon his appearance of youth, I told him I was surprised to see time had left so little mark upon him in its passing.

"I have found the elixir of life," he said with a smile. "I expect to revisit the United States in 1959. Will you be there?"

"Perhaps," I replied. "But it is a long time forward to make a definite appointment."

And so I left him. One can gather as many differing opinions about Wu Ting Fang, his abilities, his sincerity, his fads and his fancies as there are thinking men in Shanghai. Nevertheless, I seldom enjoyed an afternoon more than the one spent in his company.

CHAPTER IX

CHINESE VIEWS ABOUT JAPANESE ASSISTANCE

ALL sorts of elements go to make up the Chinese political whole.

When in Shanghai I took the opportunity to pay a call upon Liang Chi Chiao and Dr. Sun Yat Sen, as these two Chinese gentlemen, possessing views and sympathies that had little in common, and with, no doubt, equally little idea of ever co-operating for the furtherance of their individual political propaganda, nevertheless represented, from quite different standpoints, two marked characteristics that had done much to colour the fabric which was being woven by the political leaders in the Chinese Republic.

These two common attributes of two men so widely differing in general type and in belief as to the best policy for the furtherance of China's welfare were, first, the fact that they were both theorists rather than practical men, and second, that they had been, more than once and by more than one faction, each accused of being willing and anxious to further the interests of Japan as against those of China.

When in the South of China in August, 1916, at the time of the little war in Kwangtung, I heard two remarks concerning Liang Chi Chiao, made by two Chinese who were bitter political enemies. General Shum Tsen Huen, the strong military man of the southern provinces of China, told me that he considered Liang Chi Chiao the most prominent factor and the most able leader of thought among the various revolutionary or radical politicians in the Shanghai group. Liang Shih Yi, the man behind the scenes of the days of Yuan Shih Kai, and admittedly the cleverest political schemer that China has seen for many a day, told me in Hong Kong that Liang Chi Chiao had been responsible for bringing more Japanese influence into China than any other man alive.

I found Liang Chi Chiao at his home in Shanghai, in surroundings that were certainly sufficiently democratic from the standpoint of simplicity and general lack of ostentation or display. Liang lived in Spartan style. The house in which he was domiciled was a good one, but it was furnished without regard to even so much of luxury as we have grown to consider usual in the average home.

Liang himself is a comparatively young man, whose personal appearance stamps him at once as a purely literary type, a dreamer. A dreamer he certainly is, and like many dreamers he has his eyes closed to many things that might give another trend to his dreams did he but possess greater powers of observation.

He does not speak English.

A long conversation through the medium of an interpreter seldom produces the most satisfactory results in China. Subjects can seldom be pursued to a definite conclusion. Many points are touched upon and some general ideas gained, but gaps are bound to occur that are difficult to bridge.

Knowing that Liang Chi Chiao is one of the most brilliant writers in China, and that his writings have weight with the older regime in China rather than the more up-to-date cult, I endeavoured particularly to discover what he thought of the Central Government and its chances of a sufficient life to allow it some opportunity to work some reform into Chinese affairs.

On this point Liang Chi Chiao was very definite. He said that I need not fear that China would see another revolution for some time to come, no matter how much change in the personnel of those at the helm of affairs might take place. Even a sweeping change in the Cabinet, if such a thing should transpire at any time, would not mean revolution. China was thoroughly tired of revolutions. The leaders of all parties agreed on that. General Tuan Chi Jui, the Premier, was at the head of the Military Party of the north. Tang Shao Yi might be considered the leader of the Revolutionary Party of the south. Liang's party stood for compromise between the two, he said. All were honestly of the belief that no good purpose could possibly be served by an outbreak of any sort.

That was a practical and tangible statement enough,

but it showed that Liang had little grasp of the situation in South China. In less than a year a formidable revolution was in progress.

When the subject of Chinese reform was under discussion all practicality vanished into thin air. Liang is able. He is far from being a fool. He has attributes that make one accord him respect. But the field of practical politics is not his strong point. He can string together phrases that have an admirable sound, and seem able until one tries to extract practical meat from them. Then one finds one has little more than sound left.

That very fact is the most interesting thing about Liang Chi Chiao. He is a leader of thought. He is a leader of strong men in China—many of them old-fashioned, no doubt, but nevertheless strong men for all that. But he is a dreamer. Outside of China a test of his practical worth as an adviser would be demanded, but in China the coiner of beautiful periods still holds a sway that is as remarkable as it is evident.

He was not very communicative about Japan. He said that Japan understood China better than any of the Western nations understood the great Celestial Land. He was in favour of courting Japanese assistance in some directions.

I asked him if he relished the idea of the Japanese taking over the control of the Land Tax as security for a loan, and he said at once that he did not think that would be feasible or wise.

Liang Chi Chiao seemed to me to be disinclined to think that any danger to Chinese sovereignty or control of her own affairs would be likely to result from a considerable amount of Japanese supervision of some departments of Chinese affairs. But I would hardly call him pro-Japanese, if what he told me represented his innermost beliefs. On the other hand, I could see why some Chinese should have gained the idea that he was so.

The sum total of the impressions I gained from my interview with him was, that if he was in real power in China, a practical politician might find it more easy to work certain schemes without Liang's discovery of the real objects behind them than might be the case with a man more accustomed to practical matters. Most impressive of

all to me was the fact that such a man had so much weight in the political counsels of China. Not many months after my talk with Liang he was given the folio of Minister of Finance in the Peking Government.

Dr. Sun Yat Sen is of absolutely different mould to Liang Chi Chiao in all the externals of life. A Chinese soldier guarded his modern house in the French Concession. The interior of his home did not differ from that of the average European resident of prosperous Shanghai.

The doctor himself met me in Western garb. Many unkind things are said against him, but he certainly has an engaging personality. Many of his ideas of the past were so utterly absurd that I was prepared for something of the kind from him again. But Sun Yat Sen had changed. He talked less wild and weird fancies about politics.

Men of discernment in the Far East have dubbed Sun Yat Sen selfish and "out for himself." That appears to be true. It is not an altogether unknown attribute of Chinese politicians.

The main points made by Dr. Sun in a talk that extended over a couple of hours were these :

Things are by no means hopeless in China. China has too much good in it, is too great a nation to be lost. Things will all come right in time. We will not live, perhaps, to see any great radical changes in China, but they will come one day. There is just a glimmer of something approaching the birth of a national spirit in China. People are beginning to realise what such a thing means. Most of them look upon it as something almost hopeless of realisation, but the fact that a national spirit among the people is even recognised as desirable, no matter how hopeless they may be of its spread to a degree that will make it a factor of affairs in China, is in itself a move in the right direction.

The greatest need of China is some sort of instruction in the way of organisation and ability to conduct organised enterprises. The taking over of the Customs of China by foreigners, and so manœuvring matters that Chinese have never had any instruction in their administration, has worked no real good to China. If it had been arranged that Sir Robert Hart had done his work with a gradually increasing number of Chinese assistants instead of a full

staff of European assistants, as provided by the arrangement with the Powers, how much more good might have been done to China. -

Sending young students abroad and getting them back with half-baked ideas on Western affairs was serving no really useful purpose in the long run. What the Chinese needed most was some teaching that would enable a Chinese staff to handle such a matter as the reorganisation of the Land Tax, for instance. Sun Yat Sen was absolutely against letting the administration of the Land Tax pass out from under Chinese control. "It is our trump card, the Land Tax, and our best one," he said; "if we lose control of it China would suffer an irreparable loss."

For a long time we discussed the Japanese question as applied to China. Sun Yat Sen said that no Chinese could get away from the fact that Japan had made her great strides by inviting instructors from the Western world to come in and teach her something of Western ways. He was clearly an advocate for such a move on the part of China. He thought that the Japanese knew more of the Chinese than any other folk could know, and that it might be a very good thing for China to take instruction from the Japanese.

Dr. Sun thought that the better element in Japan was keen on treating China leniently. He thought, too, that the better element in Japan, though possibly very much in the minority, had the power to swing Japanese policy toward real friendship to China. A Chinese who held anti-Japanese opinions could not hear Sun Yat Sen talk as he talked to me without calling him very pro-Japanese.

Along this line the first President of the Chinese Republic showed that he was more of a theorist than a practical man. He did not take into account the dangers of allowing any other nation opportunity to gain the control of the great chaotic mass of human beings that is gathered together in China's vast provinces. The suggestion of such dangers he threw aside with a gesture that showed he did not very seriously consider them.

Once he talked in a vein that made me think he had a realisation of what might happen to China if Japan's policy of peaceful penetration were augmented by China throwing herself on Japan's hands and asking that Japan take over

the running of things. When I put it thus baldly he assured me that no one who was a true Chinese patriot wanted anything of the kind, nor would submit to it. He seemed to think that there was a vast difference between taking instruction from Japan as Japan had taken instruction from the Western world and putting the control of China in Japan's hands. I did not press the matter too far, but I confess to an impression that Sun Yat Sen, if he were again the President of the Chinese Republic, might lose sight of the fact that to control thoroughly China's political development was just as vital to the ultimate destiny of Japan as to get Chinese raw material from China in exchange for Japanese manufactured products.

Lack of practical insight into the probable trend of things as between China and Japan under certain circumstances seemed the flaw in Sun Yat Sen's point of view. His theories were interesting. But China is faced, as Grover Cleveland would have put it, with a condition, not a theory.

While Chinese politicians are theorising, Japan is making practical progress in more than one direction.

I am glad, in view of that fact, that I took the time, while in Shanghai, to call on Liang Chi Chiao and Sun Yat Sen.

It made me wonder how much of theory and how much of practice I would find at Peking.

CHAPTER X

THE FIVE GROUP DEMANDS

WHEN on January 18, 1915, Mr. Hioki, the Japanese Minister to Peking, handed to Yuan Shih Kai, President of the Chinese Republic, the documents that have become known to fame as the "Five Group Demands," Group Three was so framed as to be worthy of special attention by any who professed a cursory interest in the Yangtze Valley or anything pertaining thereto.

The Yangtze Valley has been so long familiar as a term representing a vague somewhere that England had a particular interest in developing as regarded its trade and resources, that some people might forget what a vast region the term embraces.

The Yangtze-Kiang can lay reasonable claim to the title of the finest river among all the giant waterways of the world. From its myriad sources in the mountain fastnesses of far Tibet down its 3,500 miles of length to where it empties its 770,000 cubic feet of water per second into the Eastern Sea, it cuts in two the most thickly populated continent in the world.

Of the eighteen provinces of China it flows through five and touches the boundaries of another two. Kiang-Su on the coast, An-hwei next on the west, then Hupeh, and finally great western Szechwan, that borders on Tibet, form the river bed. To the north lie six of China's other provinces and to the south of it, Yunnan, Hunan and Kiang-Si being touched by its waters, lie the other eight.

Well may the latest official Japanese publication remark that "it is on the Yangtze basin, on account of its immense wealth and variety of products, that for the present and the future will be centred the commercial interest of the whole world."

That more than 200,000,000 souls are counted in the population of the Yangtze Valley, that its area comprises

over 700,000 square miles, that from the sea to a point over 1,000 miles inland large ocean-going steamers ply up and down this great waterway of international traffic, that small steamers run up-river another 300 miles or so, and big junks can navigate still another 200 miles to the westward, making the Yangtze traffic-bearing for well-nigh 1,500 miles all told, and that eleven treaty ports of China, from Shanghai to Chung-king, in interior Szechuan, depend upon the river for their prosperity and commercial existence, are facts one can cull from any up-to-date guide book.

Hankow, in Hupeh Province, the inland metropolis of China, lies on the Yangtze, 585 miles by river route from Shanghai, and almost equidistant from Peking (connected thereto by a railway about 750 miles long) and Canton on the south, to which some day, if hopes materialise, a railway may connect the north, centre and south of China in unbroken line.

Of all the various things in which this wonderful basin of a wonderful river is astonishingly rich, mines of iron and coal stand out predominantly.

Thus when the Five Group Demands made on China by Japan spoke of matters which had to do with the Yangtze Valley, and had to do with mining matters in the Yangtze Valley as well, those who were concerned with that part of the world were very naturally much interested.

Group Three of the Five Group Demands contained but three paragraphs. These paragraphs are as follows :

“The Japanese Government and the Chinese Government, seeing that Japanese financiers and the Hanyeping Company have close relations with each other at present, and desiring that the common interests of the two nations shall be advanced, agree to the following articles :

“Article 1. The two contracting parties mutually agree that when the opportune moment arrives the Hanyeping Company shall be made a joint concern of the two nations, and they further agree that, without the previous consent of Japan, China shall not by her own act dispose of the rights and property of whatsoever nature of the said company, nor cause the said company to dispose freely of the same.

“Article 2. The Chinese Government agrees that all

mines in the neighbourhood of those owned by the Hanyeping Company shall not be permitted, without the consent of the said company, to be worked by any other persons outside of the said company; and further agrees that if it is desired to carry out any undertaking which it is apprehended may directly or indirectly affect the interests of the said company, the consent of the said company shall first be obtained."

That was the exact wording of the translation of the document as it was given to me by a member of the Chinese Government, and a well-known Japanese diplomat to whom I showed the three paragraphs quoted took no exception to their wording.

A little bald for a diplomatic communication, perhaps, but possessing the merit of being quite easily understood.

The Hanyeping Iron and Coal Company was well known as a huge Chinese concern in the Yangtze Valley which had borrowed Japanese capital and shipped great quantities of iron ore to Japan, but this overt effort to gain such sweeping control of the mining area in which the Hanyeping Company operated made many an observing individual literally "sit up and take notice."

On March 9, 1915, at the eighth conference between China and Japan over the Five Group Demands, China agreed to refrain from raising objections to the principle of co-operation in the Hanyeping Company if the company itself should arrive at an agreement in that respect with the Japanese capitalists concerned, but the private business of other people, outside the Hanyeping Company and having nothing to do with it, was another matter. The Chinese Government was precluded, it averred, from interfering with any Chinese subjects in such manner as might affect their freedom to engage in any lawful occupation.

On April 10, at the twenty-first conference, China said flatly that she could not agree to Japan's demands *re* the Hanyeping Company for the reason that to do so would seriously affect the principle of equal commercial and industrial opportunity. Those phrases have become much worn in China in connection with discussions of the Open Door policy, and one comes upon them with the recognition one gives to acquaintances of long standing.

When Japan put forward her revised demands, presented to China on April 26, 1915, the Third Group had undergone a change in Tokyo. The three original paragraphs had disappeared, and one only taken their place. It read as follows :

"The relations between Japan and the Hanyeping Company being very intimate, if those interested in the said company come to an agreement with the Japanese capitalists for co-operation, the Chinese Government shall forthwith give its consent thereto. The Chinese Government further agrees that, without the consent of the Japanese capitalists, China will not convert the company into a State enterprise, nor confiscate it, nor cause it to borrow and use foreign capital other than Japanese."

China agreed to this, and later put her agreement into writing, and there the incident ended, so far as the diplomatic end of it was concerned.

When one is in Hankow, one is very close to the Han Yang ironworks of the Hanyeping Company, which are located at Han Yang, across the Han Shui River from Hankow, and but a stone's throw from it.

In the course of my visit to that part of the world I learned many facts about mining in the Yangtze Valley, and about the Hanyeping Company in particular.

In passing, I wish to record an object-lesson given me on my arrival at Hankow. On the north bank of the Yangtze, the first buildings that the up-river steamers pass on their way to their respective berths at one of the numerous junk-wharves floating in front of the Concessions, are a fine series of go-downs, or warehouses, owned by an English syndicate. Part of this prize plum of property lies in the area of the Japanese extension to its Concession. Next to the westward are the go-downs of the American Standard Oil Company, the concern that is doing more to carry the Stars and Stripes up China's inland waterways and over her interior provinces than all the rest of America put together.

Although the Standard Oil Company's property and part of the English syndicate's go-downs are nominally within the Japanese Concession, the fact that the ownership of the ground on which they rest was not Japanese

when the Concession was extended take them from under Japanese supervision in any form.

There is a little story in the acquisition of the valuable set of go-downs, so ideally placed, by the English syndicate. The deal took place in 1916. One of the owners of the newly-purchased ground was a fellow-passenger on the steamer that took me from Shanghai to Hankow. The ground and the buildings on it were originally owned by a Chinese group, prominent among which was the Chinese Bank of Communications, which had been in sad difficulties, its doors closed to business and its paper of little value, for some months. The Bank of Communications was the creature of Liang Shih Yi, the clever and crafty schemer who was the prime mover in most of the operations of Yuan Shih Kai. Yuan's death forced Liang Shih Yi into immediate exile to Hong Kong. The Bank of Communications, with possible assets of less than thirty millions at the outside, was found to have lent more than twice that sum to Yuan Shih Kai's Government.

The Japanese Government had long had a jealous eye on the splendid bit of bund property in Hankow owned by the Chinese group, and had offered fair sums in vain in efforts to acquire it. The Bank of Communications was in hopeless case, but neither Yuan Shih Kai before his death, nor Liang Shih Yi after it, was pro-Japanese. They loved their fellow-Orientals in much the same way the Devil is reputed to esteem holy water.

An English syndicate of well-known British firms was organised, and negotiations commenced at once with the Chinese owners of the Hankow property. Result, to keep the land from going into the hands of the Japanese the sale was made to the Britishers at a price less than half of the amount that had once before been offered for it, and far below the figure which Japan later declared her willingness to pay for it if the English group could be induced to sell. Re-sale was not part of the programme of the British group, however, and plans were laid for tearing down the old go-downs and erecting a series of modern ones on the site, which will then be greatly increased in value.

British and American capitalists and business houses with aspirations for foreign trade may find an idea wrapped in the history of that transaction, if they are so inclined.

CHAPTER XI

THE GENESIS OF THE HANYEPING

A BRIEF history of the Hanyeping Iron and Coal Company was given to me by a very astute Chinese gentleman, who had been for many years in the employ of either the present company or its predecessors, and who knew as much about the affairs of the concern as any man in Han Yang.

Our chat was in the very shadow of the big ironworks. This was the story of the Hanyeping.

Chang Chih Tung, one of China's really great viceroys of the days that are gone, was viceroy of what Chinese refer to as "the two Kwangs," the neighbouring provinces of Kwangtung and Kwangsi, when he conceived the idea of ordering from the Western world two blast furnaces.

Chang Chih Tung intended these furnaces for use in the mining areas of Kwangtung and Kwangsi when he ordered them, but before they were delivered to him he received orders from Peking to relinquish the viceroyalty of the two Kwangs and hie himself forthwith to the "two Hus," Hunan and Hupeh, the provinces that lie due north of the provinces of Kwangtung and Kwangsi.

So when the two foreign blast furnaces came to be delivered in China, Chang Chih Tung ordered them to be sent up the Yangtze River, as his new seat of government had been transferred to the town of Wuchang, the capital city of the provinces of Hupeh. Wuchang lies just across the river from Hankow.

This heart of the commercial world of central China consists of three big cities grouped together, yet separated from each other by the two rivers that form a junction at that spot. Wuchang was originally the greatest city of the three. It was situated on the south bank of the Yangtze-Kiang, and Han Yang lay immediately across from it on the north bank. Also on the north bank, but across the Han Shui River at the point where it flows into

the Yangtze, lay Hankow. In these latter days the guide books say that the three cities together have a native population of 1,150,000, Hankow leading with 800,000, Wuchang next with 250,000, and Han Yang providing the remaining 100,000. But in the days of Chang Chih Tung the marvellous growth of Hankow, which commenced after the 1911 rebellion in China, had not as yet been anticipated, at least by any Chinese mind.

Therefore, the selection of Han Yang as a place where his two new blast furnaces could be set up was not due to anything else than to the fact that Chang Chih Tung had bought them and wanted them erected in a spot where their working could be under his eye. That he could study their operation with the minimum of inconvenience was probably much more in Chang Chih Tung's mind than that they were properly placed from a business standpoint.

Two things were necessary to the furnaces—iron ore and coal, or rather coke, which was the fuel required.

The Yangtze Valley is rich in mines. Iron mines it has in plenty, but none finer in richness and the quality of the ore produced than the Tayeh mines. These mines are located about 19 miles from the south bank of the Yangtze River, at a point nearly 60 miles east of Hankow. A railway now runs from the mines to the river, where some very businesslike piers have been constructed. It was from the Tayeh mines that Chang Chih Tung obtained the ore for his new ironworks.

But coke was a different matter. There fortune did not favour Chang Chih Tung. He found himself compelled to buy coke from the Germans at so high a price that the new works could not turn out pig-iron at less than 50 taels (£5) per ton, which precluded the possibility of making a profit. So the concern was run for some years at a decided loss, the Han Yang ironworks and the Tayeh mines running their respective businesses quite separately and independently of each other so far as their management, or mismanagement, was concerned.

Then a new factor came into the equation in the form of one Sheng Hsun Hui, a Chinese with a capable head on his shoulders. Sheng first cast his eyes about to see what could be done to get cheaper fuel. He soon discovered and started the Pinghsiang colliery. The Pinghsiang

mining area is in the province of Kiangsi, to the south of the Yangtze Valley, but connected with it by the River Siang, one of the tributaries of the Yangtze. Thus fuel could come direct by junk from the mines to the ironworks, which effected an enormous saving.

The Pinghsiang mine turned out to be a big venture, and is now one of the three greatest collieries in China, the other two being the Kailan mine in Chihli Province and the Poshan mine in Shantung Province. That this trio of coal deposit areas should be the subject of continual attention on the part of Japan gives these details some cohesive interest.

The coal-measures in the Pinghsiang area extend for 7 miles, with a width of 3 miles. "The vein of coal," says an official Japanese note on the subject of the Pinghsiang colliery, "extends for more than 60 miles towards the north-east, and it is estimated that the mine will last for 500 years, placing the annual output at one million tons. In 1913 the output from the Pinghsiang mine amounted to 690,000 tons, of which nearly one-third was converted into coke. There are 5,000 miners employed directly in the mines, and another 4,000 connected with other branches of the works."

Thus Sheng Hsun Hui did a fine stroke of business for the Han Yang works when he started the Pinghsiang coal and coke up the Siang Kiang to its junction with the Yangtze-Kiang, and thence on up that stream a matter of 170 miles to Han Yang. Within a comparatively short time the price of Han Yang pig-iron was reduced from 50 taels per ton to 34 taels, allowing it to compete in a far different way than previously with its competitors.

But like all enterprises in Chinese hands, mines and works alike were so mismanaged and so subjected to the "squeeze system" and the curse of nepotism, the family clutch that holds most Chinese concerns and projects firmly by the throat, that some of the customary borrowing had been from time to time resorted to.

Japanese capitalists had advanced money on the output of the Tayeh mines, and had made smaller loans on Han Yang pig-iron. Japan had proved the natural and willing purchaser of most of the pig-iron produced at that time, though much of it went to the Han Yang steelworks,

worked in conjunction with the ironworks and side by side with them.

Then Sheng Hsun Hui took his second big step. He had got together a company composed entirely of Chinese shareholders in connection with the Han Yang company, and he next put through an amalgamation of the Han Yang Iron and Steel Company, the Tayeh mines and the Pinghsiang collieries. Taking a syllable from each of the three names, he christened the huge new concern the Hanyeping Iron and Steel Company.

The cleverest feature of this move was the acquisition of the Tayeh mines, the richness of which is even yet hardly known or appreciated by Occidentals.

The Tayeh ores are found in low hills some 500 feet in height. To say that one has to mine for ore on those hills is hardly correct. The whole hill is in each instance composed of iron ore containing as a rule about 67 per cent. of iron, which I have Japanese authority for describing as superior in quality to most of the ores found in Germany, America or Sweden. All the mining that is necessary is to blast the ore loose and carry it away.

For accuracy let me quote a Japanese official description of the Tayeh mine proper, which embraces five of the nine hills of ore in the immediate vicinity. The report says, "The vein of ore is 80 metres thick and of immeasurable length and depth, so that the mine may be regarded as practically inexhaustible, its life being roughly estimated at 700 years, placing the annual output of the ores at 1,000,000 tons."

The Han Yang works had been added to and improved as the years rolled by. Two more blast furnaces had been installed, making four altogether. The steelworks boasted seven Martin furnaces of 30 tons capacity each. All the Han Yang steel was taken by the railways of China.

Then came the Chinese Revolution of 1911, and with it came events that were, one day, to develop into what the Five Group Demands described as "close relations" between the Japanese and the Hanyeping. The second set of demands called them "very intimate relations."

My Chinese friend at the Hanyeping had a very clear idea as to how all this came about.

I will tell the story just as he told it to me.

CHAPTER XII

A LOAN FROM JAPAN

"SHENG HSUN HUI, the man who was responsible for the organisation of the vast iron mines, coal mines and iron and steelworks brought together under the name Hanyeping Company, was an official in Peking under the Manchu Emperor in 1911," said my Chinese friend, as we sat contemplating the Han Yang works.

"Sheng was Minister of the Board of Agriculture or Communications, I forget which. When the Revolution of 1911 broke out and Manchu rule went by the board, it behoved Sheng to flee speedily from Peking. This he did, taking refuge in Tsing-tau, from which port he set sail for Japan. This is rather figurative, for Sheng went to Japan in a Japanese man-of-war. It was natural that the Japanese should be considerate of the health of so big a creditor of Japanese capitalists. Plenty of Japanese money had been lent to the Hanyeping Company before the Revolution, and Sheng Hsun Hui held the largest number of shares of any individual interested in any of its branches. In fact, Sheng held sufficient shares to secure for him absolute control of the concern.

"Sheng stayed in Japan for two years, then came to Shanghai, where he lived in the foreign concessions until his death in the spring of 1916.

"When the Revolution of 1911 started and Sheng fled the country the Han Yang works shut down. As the months went past the works remained closed, and so the year 1912 found them. In the spring of 1912 Sheng, from Japan, was heard from with a vengeance. A loan of many millions of yen had been proposed by the Japanese to Sheng, and the whole thing was cut and dried before the shareholders other than Sheng were told anything about the matter.

"The loan agreement had to be submitted to the board

of directors of the company, of course, and it was so submitted. But the old man—he was not far from seventy years of age at the time—had seven of his own nominees on the board of nine. The two who represented Chinese shareholders of other tendencies than Sheng's were aghast at the conditions imposed by the Japanese who were to make the loan.

"One of the conditions that made a considerable disturbance at the time was the appointment of a Japanese auditor who was to have access to all the books of the company. Another condition was the appointment of a Japanese technical adviser. All opposition to such innovations was in vain. Yuan Shih Kai, then President of the Chinese Republic, was appealed to and interested himself in the matter, but to no effect. The Central Government was very short of money and the Powers were not disposed to be generous. Sheng, in theory, simply shrugged his shoulders and said to all and sundry that if they could get for him the necessary money elsewhere, let them come forward and do so without delay. Otherwise, he argued, was not Japanese money better than none at all?

"Eventually Sheng had his way and the 1912 loan went through. The Han Yang works resumed operations in June, 1912, after having been closed down about eighteen months.

"I am in close touch with most matters regarding the Hanyeping, but I have never seen the actual agreement which sets forth the detailed conditions of that last big loan," said my Chinese friend. "An important item in the sale of iron ore is the price at which it is purchased. One condition of that agreement deals with the subject of price."

"Just how does the new regime work out in practice?" I asked. "How does the concern appear to be getting on? Japan is taking both ore and pig-iron from the Yangtze Valley now, is she not?"

"We have not only sold iron ore and pig-iron to Japan during the present European war," said my friend, "but we have sold steel from Han Yang as well. The Japanese have nothing to do with the steelworks as yet, in any way. When we sell steel to Japan we sell it at the market price, just as we would do to anyone else."

"You will understand that the Japanese auditor and the Japanese technical adviser as provided for in the loan only have jurisdiction over work done which involves the use of the money provided by the loan. That is all up to the present. It was 1914 before these two gentlemen came to China. They brought but small staffs with them. So far we see but few Japanese about the works, for no reason exists for their coming.

"At Tayeh, in the iron mines, there are more Japanese. The total output of the Tayeh mines is arranged by special contract to go to three places: the Japanese Government's ironworks at Yedamitzu, their works at Kyushu, and our own works here at Han Yang. The Yedamitzu and Kyushu works have an agency at Tayeh to look after their interests as buyers and shippers.

"There are a few skilled Japanese labourers in the Tayeh mine, placed there in connection with the work of selecting the ore. One of the conditions of the 1912 loan was the installation of new works at Tayeh, right at the mines. Two new blast furnaces have been ordered for Tayeh, and the mines will, after three new furnaces get to work, have to supply the four here in our works as well, making six in all.

"As to the present situation, first consider what Japan is getting in the way of ore and pig-iron from the Yangtze. She always has steamers at Tayeh loading raw ore. I believe Japan has taken out a million tons or more during this present year. Practically all of it goes to the Government works in Japan.

"Japan has taken about 40,000 tons of pig-iron from Han Yang this year as well. It can only be taken in the summer when the depth of the river allows. Eleven Japanese steamers have taken from two to three thousand tons each during the recent season. You can see another loading now. The pig-iron thus shipped from Han Yang mostly goes to the Wakamatsu steelworks in Japan. The manager of these works is in Peking now, and is expected down here within a day or so."

I met that manager a week later in Peking.

"We would like to see the new works in operation in Tayeh, for they should be able to produce enough pig-iron to suit Japan, and then we could put all our Han Yang pig-

iron into steel, except for a small surplus which we could sell in China. The two blast furnaces ordered for Tayeh will have a combined capacity of 140 tons per day, while each of our four furnaces here in Han Yang can handle about 220 tons in twenty-four hours. Only three are working now. One broke down, and though it has been repaired we have not sufficient lighters and such sort of water transport to keep it going. We need new boats, new lighters, new jetties, and all manner of things.

"Rumour has said more than once that a Chinese colliery company has been formed to put up a couple more blast furnaces at Tayeh to work some of the mines the Tayeh company does not own. Four of the nine hills of ore are owned by Chinese who are not as yet working them. The Hanyeping Company is trying to buy these four hills, and has been doing so for a long time, but to no effect. The company is for ever buying up lead and coal mines in the Yangtze Valley, but none of them, except the Tayeh mines, is worked in an up-to-date way. The law in China provides that the foreigner can only hold fifty per cent. of the shares in any Chinese mining concern. The attitude of the Chinese in the Yangtze, however, is growing more favourable every day to the introduction of foreign capital into China's mining development."

"Two points interest me very much," I said as my Chinese friend concluded. "I would like to know all the conditions imposed on the Hanyeping Company by Japan in connection with that loan of 1912, and that would show at once what agreement was come to as to the price to be paid for the ore. Further, I would like to know the attitude of the Central Government with reference to foreign capital being introduced into Chinese mining ventures. Japan's effort, through the Five Group Demands, to get control through the Hanyeping Company of all the mines in the Yangtze Valley shows that there must be other rich plums there which she, for some reason, is unable at the moment to reach."

"I have never seen the agreement," replied my friend. "It should be available in Peking, if you could get permission to see it. It must be on file there. You are going to Peking, why not ask the head of the Government, the

Premier, for enlightenment on the two points you have mentioned?"

I made up my mind to do as he suggested.

I decided to ask General Tuan Chi Jui, the Premier, for a copy of the 1912 loan agreement between the Hanyeping Company and Japan, and to discuss with him investment of foreign capital in Chinese mining companies.

Both subjects seemed connected with the question of the Open Door.

CHAPTER XIII

A CHAT WITH CHINA'S PREMIER

My visit to General Tuan Chi Jui, Premier of the Republic of China, at his home in Peking, was arranged for me by Dr. Wu Chao Chu, of the Chinese Foreign Office, who was kind enough to act as my interpreter during my interview with the Premier.

Dr. Wu has not only an excellent command of the English language, but brings to such a task knowledge of the subjects likely to be discussed and a personal high ability.

Driving through the North City, we turned sharply from the main thoroughfares, crowded with all manner of traffic, into a short lane which ended in a narrow driveway, flanked high on either side with what appeared to be an artificial rockery. As we drove into this narrower way we passed a couple of Chinese soldiers on sentry duty. The drive opened into a small yard, in the foreground of which was the portico of the Premier's house, a substantial but by no means imposing edifice. No other sentries save those at the entrance to the farther drive were in evidence.

As we dismounted from the carriage and entered the doorway, a servant stepped forward and took our hats and coats in quite the manner one would expect one's servant to do in England. He hung our garments on a hat-stand in the hallway that might have found its counterpart in tens of thousands of middle-class homes in the vicinity of London.

We were ushered into a modern dining-room furnished with modern furniture, and therefrom passed into quite an orthodox conservatory equipped as most Western conservatories are equipped, except that the chairs and sofa, on which we were invited to be seated, were upholstered in a shade of yellow that would not particularly appeal to the taste of most Western housewives.

The atmosphere of the place was one of simple comfort without the slightest attempt at show. What struck me most forcibly was the absence of many of those little attributes of the average Chinese home for which one learns to look in China. Perhaps I felt the difference between General Tuan's home and the palace in which I had been received by the President, General Li Yuan Hung, earlier in the day. Certain it was that no two homes could show greater contrast.

We had hardly been seated when General Tuan came in.

General Tuan is of medium height and weight. He was attired in a loose, long coat of light blue silk, buttoned close at the neck and reaching to the ground. His hair, cut close, is iron grey, and he wears a straggling grey and black moustache and small imperial of the sort so frequently seen in China and so rarely met with elsewhere. The Premier's ears are set rather far back, his cheekbones are high, his nose quite flat at bridge and nostril, and his chin is pointed without being in any way protruding. At first I thought his eyes shifty, but as we talked they grew more frank and less inclined to leave mine when he was speaking. Nevertheless, a certain stamp of craftiness seemed to me to be the Premier's leading facial characteristic until we had conversed for a long time. Then this passed; his glance became much more direct, and his eyes and mouth lost a sort of evasiveness that was not pre-possessing. Even had I not heard that Tuan Chi Jui was an astute politician, I would have imagined so upon meeting him.

Throughout the south and central part of China I had met most of the Chinese political leaders during the past months, and all had accorded to Tuan the first place among China's politicians. He admittedly wielded more power than any other man in China. His tenure of office was not secure. Nothing in Chinese politics is secure.

I was anxious to see the agreement between the Chinese owners of the Hanyeping Company and the Japanese capitalists whose loans had given them a strong hold on the big Chinese concern. All sorts of stories were afloat as to just what advantage Japan was gaining from the arrangement under which the company was being worked.

Explaining this to General Tuan Chi Jui, I asked him if he would be good enough to get a copy of the agreement for me.

As I was planning to leave Peking the next day, the Premier said he thought the time too short. He would try to get it, but doubted if he could do so in the time available. I at once suggested that the document should be posted to my address in Japan. I had arranged a tour through Manchuria and Korea, which I hoped would land me in Japan eventually. The General smiled. The post to Japan, he explained, was not a sufficiently sure medium. Things had a way of failing to reach their destination. Why, he did not pretend to know. Some people were so unkind as to say that various folk who possessed an overwhelming interest in other people's post had found a machine that would open letters in such a manner that they could be closed again and their recipients be none the wiser. No, he did not think that if I set such store by that agreement I had best risk its transference from Peking to Tokyo by post.

I had not been in the Far East a few months without hearing something of the same sort before. I told the Premier of a perfectly secure method by which he could send the document to me. This he promised to do shortly; as soon, in fact, as he could have the agreement found and a copy prepared.

We talked of the prospective loan to China by the Powers. General Tuan said he hoped to arrange for the loan of one hundred million dollars (£20,000,000). As to security, he thought that the Salt Gabelle could stand a loan in that sum, in addition to the loans it was already carrying. As I expressed some scepticism on this point, the General declared that with interest and sinking fund the amount necessary per annum to meet the requirements of such a loan would not run to more than twenty million dollars (£4,000,000). The Salt Tax, he said, was then producing, and gave every indication of being able to continue to produce, three million dollars (£600,000) monthly in excess of what was required to meet the existing demands with which it was at that time faced.

It sounded well enough, except that the very generality of the quotations and the Premier's cocksureness as to

the ability of the poor Salt Gabelle to bear a never-ending series of further financial burdens on its broad back made one wonder where it would all end.

The subject of the possible reorganisation of China's Land Tax was mentioned. No set of circumstances, averred General Tuan Chi Jui, would ever tempt China to let foreign hands touch the Land Tax. If Japan suggested such a thing, it was not due to the necessity of foreign control or supervision of the Land Tax for purposes of revenue, or to any other question of revenue or necessity therefor. No, if Japan ever tried to push forward a suggestion of tampering with so vital and strictly internal a question, a question so eternally bound up with the very integrity of China itself, I could rest assured that back of the proposal Japan had other objects in view. The Premier was very bitter on this point. He became quite interested in the discussion, and I got a glimpse of the stronger characteristics of the man.

"I am going to Manchuria," I said to the Premier, "just as the question of the settlement of the Cheng Chia Tung affair comes up for further diplomatic negotiations in Peking. I want to see Manchuria from more than one standpoint; I have arranged to see it from the Japanese standpoint. I have laid my plans to look through the glasses of the foreign business men, English and American, in Manchuria. To whom should I go and for what should I look if I wish to study the situation from the Chinese point of view?"

Thereupon General Tuan talked long and earnestly. The result of my request was a note to a Chinese official in Manchuria. Summed up tersely, the Premier's statements on Manchuria and other subjects were as follows:

The negotiations between Japan and China over the Cheng Chia Tung affair, a collision between Japanese and Chinese soldiers on the borders of Eastern Inner Mongolia, found China in a difficult position, particularly in view of the circumstances brought about by the European War. China might very probably have to give way on some points. She would have to give away something, probably. But Japan was demanding a freedom of placing her police about Manchuria and Mongolia which China was going to resist to the utmost. Whatever he had to give away,

the Premier said, he was determined to give nothing away that would be fatal to the retention by China of her sovereignty over Manchuria.

Japan only asked to place police where they were necessary, but Japan wanted to reserve the right to say where they were necessary. Japan's contention was that the Japanese police were needed to look after unruly Japanese in Manchuria. That was, General Tuan thought, a bit beside the mark. There were plenty of unruly Japanese in Manchuria, no doubt. Frequently Chinese soldiers killed members of the many robber bands along the Manchuria railway zone and found that the corpses were those of Japanese. Prince Su, of the Manchu dynasty that once ruled China, lived at Port Arthur. While Su kept within the Japanese Leased Territory, he maintained two or three thousand followers of sorts, here and there, a mixed lot, who were perennial trouble-makers. Su got no income from Chinese sources, General Tuan declared.

The Premier was clearly, in his heart, much concerned and perhaps not altogether hopeful as to the situation in regard to Japan's attitude toward Manchuria. He seemed desirous of giving me the impression that China would hang on as long as she could and put up the best fight she could, but that her opponents held all the cards, and help seemed nowhere in sight.

General Tuan spoke at length about the proposals of some of the reform politicians in China whereby they would inaugurate the introduction of a number of Japanese instructors throughout China. The army, too, in their view, should be under Japanese instructors. General Tuan did not share that opinion. The question was the subject of much talk, he said. The agreement with General Aoki, of Japan, whereby he should have a high advisory place in Peking, was by no means confirmed. I would find, said the Premier, that the Aoki Agreement would be hung up for a long time yet or materially revised. "Many of the Chinese of the newer party, the younger ones especially, cannot see very far ahead," said Tuan; "many of them propose moves that would be nothing short of fatal to China. What we may do as to introducing foreign instructors and organisers into China's army reform I cannot say. One thing is sure—we are alive to the dangers

as well as the advantages of such a step, and you need not fear that the dangers will be forgotten or lost sight of."

Nevertheless, General Aoki's appointment followed before many months had passed.

I asked the Premier the attitude of the Chinese Government with reference to capital from the Western world being invested in Chinese mining development. "In plain English," I said, "if you knew that certain American or British capitalists wanted to put a large sum of money into the working of the four hills in the Tayeh mining district in the Yangtze Valley, the four hills of almost pure iron ore that stand alongside the five similar hills that belong to the Hanyeping Company, how would you look on the proposition? Japan has a strangle-hold on the Hanyeping Company, and through it on five of the hills which comprise the Tayeh mine. Chinese owners are being pressed by the Hanyeping to sell to them the remainder of the mines in that district. The Five Group Demands of 1915 have as one of their objects the creating of a complete monopoly of the Yangtze Valley, whereby no one but the Hanyeping Company could mine a single ton of ore in that whole area.

"Japan is benefiting and hopes to benefit still more. What about Western nations? Would you welcome them? Please think well before you answer. More than one factor of China's future is involved in China's attitude on that question."

Without hesitation General Tuan replied, "We would welcome the introduction of American or British capital on lines that were equitable and fair to the Chinese owners of the mines as well as to the men who produced the money. Yes, we would be quite willing to allow American or British capital to help develop the mining areas along the Yangtze—or anywhere else in China, for the matter of that."

Tuan Chi Jui came to the door with us and shook hands in a most genial manner. All the former old mannerisms were gone. The Premier had changed materially in his speech and appearance. He showed an infinitely more engaging personality than he had shown during the earlier part of our interview.

CHAPTER XIV

AN IMPORTANT DOCUMENT

WHEN I returned to Tokyo, the evil-smelling and insanitary capital city of Japan, from the Asiatic continent, I was delighted to find that my channel of communication between Peking and Tokyo had not failed me. The copy of the agreement with relation to the last loan to the Hanyeping Company was awaiting my arrival. General Tuan Chi Jui had sent it promptly, as promised.

The copy was written in Chinese script. To have it translated in Japan would have taken more time than I had at my disposal. As I hurried, homeward-bound, through Shanghai and Hong Kong, no opportunity presented itself for obtaining a translation. In London it was not easy. A journey to the Chinese Legation and another to the School of Oriental Study in the City started the ball rolling, however, and so I am able to write without fear of contradiction as to just what were the conditions under which Japan supplied the money to the big mining and milling company in the heart of the Yangtze Valley.

Three parties subscribed to the agreement. First came the Hanyeping Coal and Iron Factories and Mines Company, Limited, second the Japanese Ironworks, and third the Yokohama Specie Bank. The casual reader of the text of the agreement, unless he had outside information, could not be supposed to know just what concern is meant by the somewhat vague term, "the Japanese Ironworks." I was told it meant the Imperial Japanese works that belong to the Government of Japan itself, but I confess I do not know of my own knowledge that the statement is correct.

One thing I learned from a careful study of the translation of that loan agreement. That was that the average Anglo-Saxon business man could, with one hand tied behind him, draw up an agreement that would be infinitely

more easily understood than that Hanyeping agreement. It is hard to see just what is meant by the document in more than one particular.

To begin with, the actual total amount of money involved is by no means clearly stated. First, apparently 3,000,000 yen was advanced by the Yokohama Specie Bank to the company. Next, the sum of 12,000,000 yen is mentioned as the amount in cash to be turned over at once to the company. Later in the agreement the further sum of 6,000,000 yen, evidently a previous advance, appears. One clause should mean, if the ordinary interpretation is to be put upon it, that 15,000,000 yen is the total sum dealt with by the loan concerning which the agreement is drawn. Fifteen million yen is one and a half million pounds sterling, or near it.

But one of the highest financial authorities in China told me that the total liabilities of the Hanyeping Company to the Yokohama Specie Bank, after this loan was concluded, reached £2,500,000. The loan, this authority said, was used in part to pay off old debts to Chinese creditors amounting roughly to £500,000, on which interest varying from 9 to 13 per cent. was being paid by the company. The big loan was also used, the same authority averred, to liquidate other of the company's small debts to the French and Russian banks. In short, all other outstanding debts were cleared off, leaving the Yokohama Specie Bank the sole creditor of the company.

It is not vitally important whether the full amount of the loan covers one and a half million pounds or two and a half million pounds. It certainly cannot by any construction of the translated text exceed the latter figure.

The object of the loan, as stated in the agreement, is the inauguration of two new furnaces at the Tayeh mines; the introduction of "extension and reform" into the iron-works at Han Yang; and a similar extension and reform to be applied to the railway and electric supply factories of Tayeh, and the coal depots, electric factories, etc., at Pinghsiang.

In return for the advance of the money to effect all this, the Bank received a mortgage over all the company's property situated at Tayeh, Pinghsiang, and Han Yang; the right to appoint a Japanese accountant and a Japanese

technical adviser; and the further security of annual delivery of fixed quantities of iron ore and pig-iron to the Japanese Ironworks. The last consideration is, of course, the chief one. The agreement makes no bones of that. It says in direct enough fashion, "The security for the loan shall be the pig-iron and ore which the company shall sell to the ironworks."

"The redemption of the loan," says the fourth Article of the agreement, "shall be made by delivery of ore and pig-iron at rates stipulated in Article 7. The period of redemption shall be forty years." From the seventh to the sixteenth year, not less than 120,000 yen shall thus be repaid annually. From the seventeenth to the thirty-sixth year, the value of the ore and pig shall be not less than 300,000 yen annually. From the thirty-seventh to the fortieth year, the minimum jumps to 400,000 yen worth of ore and pig per annum.

Then comes an Article worth quoting in full. "In case the company should be able to raise Chinese capital," it says, "or real Chinese shares, which beside meeting the expenditure and obligation of new and old debts have still a surplus, or in case the profits of the company have become so large that, after deducting the dividend and bonus and setting aside reserve fund, there is still a surplus, the Bank shall agree to the proposal of the company to redeem the full amount of the principal and interest of this loan, or any sum remaining unpaid at that time. However, six months' notice must be given to the Bank."

That is as typically Japanese as anything I saw in Japan.

That clause says in brief that the Chinese can buy back the Hanyeping from Japanese control with Chinese money or with actual surplus profits. In the light of that beneficent proposal, read the following :

All the price paid by the Japanese Ironworks for the purchase of ore and pig shall be deposited, in the name of the Hanyeping Company, in the Yokohama Specie Bank," which shall adjudicate the apportionment of such sums to interest, redemption of the loan, etc.

"The payment of the proceeds and the repayment of the capital and interest shall be made in Yokohama." The Hanyeping Company agrees to employ a Japanese as ad-

viser of all their doings, a Japanese who is the selection of the Bank, and whom the Hanyeping Company cannot discharge without the consent of the Bank. The papers of the company, all letters, documents, and records, can be shown by this adviser to the Yokohama Specie Bank. That the agreement clearly stipulates. The Bank handles all the money. The Bank keeps all the money in Yokohama. The Bank appoints the man who is to control the business. The Bank sees all the inside working of the concern.

Finally, the Bank is very unlikely to lose, for Japan has its hold on the Hanyeping, no matter how much Chinese capital might be forthcoming or how much profit the company might make. That is my opinion. I did not find that statement in the agreement.

Article 9 should not be forgotten. It says: "In case the company should desire to contract loans or advances from banks or capitalists who are not Chinese, it should give preference to the Yokohama Specie Bank. If the Bank fails to meet the company's need, the company will be free to raise means from other sources." Quite so.

The interest on the loan, from the first to the sixth year, the agreement fixes at seven per cent. Thereafter it may not be lower than six per cent., but is left to be fixed by the Bank and the company, "according to the condition of the market." Quite so, again.

The foregoing shows the strangle-hold that the Japanese have obtained on the Hanyeping Company, the greatest single enterprise in the Yangtze Valley.

What price does Japan pay the Hanyeping for the iron ore and pig-iron that she gets from Tayeh and Han Yang? That is not so easy a question to answer, even when one is in possession of the loan agreement itself.

Article 4 says, "at the rates stipulated in Article 7."

Article 8 says, "if the price referred to in Article 7 be insufficient to cover the interest and capital of the new and old loans due to the Bank, the company must make good the deficit in ready money."

Article 7 itself says that "all the price paid by the iron-works shall be deposited in the Bank," but not a word does it say as to how much per ton shall be paid the Hanyeping Company for its iron ore or its pig-iron.

Before I left the East, the highest financial authority in

China told me that the Hankow Customs Report for 1912 stated that the market price for iron ore from the Yangtze Valley was twelve shillings and sixpence per ton. "The Japanese," said this authority, "for the last few years have been paying but six shillings per ton for iron ore delivered to them f.o.b. in the Yangtze." Moreover, this authority said quite distinctly that the loan agreement I have been discussing in this chapter stated that the price of iron ore and pig-iron was to be fixed biennially with reference to the market rate. All I can say to that is that my copy, furnished to me by the Premier of China, shows no such paragraph.

Even did it do so, however, the outside world, or anyone else who was not in intimate touch with either the Hanyeping Company, the Japanese Ironworks, or the Yokohama Specie Bank, would not know what Japan has been paying for Chinese ore and pig in 1916. That is sure. I discovered in quite a roundabout way the price paid by the Yokohama Specie Bank for ore from the Tayeh mine. In 1916 the price was three yen per ton plus two yen per ton, the latter figure representing the cost of transportation to Japan.

When this loan agreement was concluded, the Government of China notified the Hanyeping Company that the Government must regard the agreement as invalid, in view of the promulgation, in the year 1913, of an order made by the President prohibiting foreign acquisition of China's mining interests. The heads of the Yokohama Specie Bank laughed. They held a mortgage on the Hanyeping prior to the issue of the President's order of 1913, they said, and consequently were not affected by it.

And apparently, in that, they were on safe ground.

For that matter, they are on safe enough ground all through, in the little matter of the Hanyeping.

CHAPTER XV

A CYNICAL VIEW FROM PEKING

“WHAT are your plans for to-day?” asked my friend The Cynic.

We were in Peking in the glorious month of October, 1916.

“I have an appointment with Sir John Jordan, the British Minister, at ten o’clock this morning,” I replied; “and at eleven o’clock I am to call on Baron Hayashi, the Japanese Minister. Those two appointments will effectually dispose of this forenoon.”

“Humph!” ejaculated the cynical one; “a lot you will learn about the Japanese-Chinese question from either of the gentlemen mentioned! If Sir John tells you anything it will be for your private ear, if it is interesting. If Hayashi tells you anything out of the ordinary it will be for publication or for general dissemination, and with a reason.”

The Cynic had lived too long in the Far East, and I told him so, plainly.

“You are actually becoming anti-Japanese,” I warned him. “You are getting into a frame of mind where you can see no good in anything out here in the Orient.”

“Live here for the years I have lived here, in Japan and China,” was the reply, as The Cynic nodded his grey head sagely, “and you will lose some of your illusions. If I have lived too long in the East, you have lived too long away from it, my son.”

Perhaps we were both right.

“At all events,” continued my friend, “come to tiffin with me at the Wagon-Lit and we will discuss the net result of your researches into present-day political conditions. In spite of your scorn of my opinions I may be able to fill in some of the gaps for you.”

I readily agreed. The Cynic was wrong. I held his

opinions in anything but scorn. I knew him as one of the most astute and well-informed men the Orient holds. I doubt if any Anglo-Saxon knows the Island Empire of the East so well. I looked forward not a little to what he would have to say at tiffin-time.

I found Sir John Jordan well. He is a good type of British Minister. Some there are in China who argue that Sir John has been so thoroughly wrapped up in what has transpired in China for so many years that he is out of touch with the outside-China view of things. I found no evidences of that.

"China is drifting badly from a financial standpoint," said Sir John; "borrowing money at something like eleven per cent. to pay off loans at five per cent. is not productive of a promising business outlook. Things along that line out here seem to be going from bad to worse. One fear is ever present with those who can see China's financial difficulties. If she gets a loan extended to her there is no apparent guarantee that within six months the money will not be all gone and China in the same hole again. In fact, that seems rather a probability, if not a certainty, from present indications."

We discussed the political leaders in China in 1916 at some length. President Li Yuan Hung was a fine old man, of very lovable personality, honest as the day is long, Sir John said. The Premier, Tuan Chi Jui, had a considerable following. China was in need of a very strong man at the helm. No ordinary leader was sufficient for her quandary.

Prophecy was not in Sir John's line, but I gathered after a chat on many phases of the situation that he considered that there was little likelihood, in his estimation, of any serious development in the Eastern problem, except along the lines of finance. The next loan to China would be the crux. That was his idea.

We talked long on the crisis in Japan and spoke of Count Terauchi, the new Japanese Premier. Sir John, like most people in the East, was interested to see what would be the policy of the new Japanese leader and his Cabinet. Sir John spoke in high terms of his Japanese colleague in China, Baron Hayashi. The Japanese Minister, said Sir John, was a man of ability who knew

China well, a man of fine personal characteristics. There was no doubt that Sir John was glad that Hayashi had been sent to Peking by Japan at that time, so far as Baron Hayashi himself was concerned. The manner in which Hayashi was handling the Cheng Chia Tung incident seemed to indicate to Sir John that Hayashi's policy was not to be described as harsh toward China, at least so far as it had gone.

It was high noon before I left Sir John's office, and the two hours had slipped by so rapidly that I did not realise I had been listening to him for anything like so long.

My rickshaw sped the short distance from the gate of the British Legation, along the canal, over the bridge, and back along the other side of the canal to the gate of the Japanese Legation in quick time.

Baron Gonsuke Hayashi is a very charming man. He surrounds himself with the least possible formality. Long years in the diplomatic service of his country have given him a very broad point of view. He was in London for a time, as Japanese Consul-General, and thus had an opportunity to gain some idea of English characteristics, and the British way of looking at things.

In 1915, when Viscount Kato was Foreign Minister in Japan and Mr. Hioki was Japanese Minister in Peking, and the famous or infamous—just as you look at them—Twenty-one Clause (Five Group) Demands were presented by Japan to China, Baron Hayashi was the Ambassador from Japan to Italy.

When scapegoats were sought, and Viscount Kato was succeeded at the Japanese Foreign Office by Viscount Ishii, Baron Hayashi was recalled from Europe to be sent to Peking in Hioki's place. When these changes were made the two gentlemen thus replaced were by no means branded as scapegoats, but the trend of things as time passes shows that Japan is not unwilling that the world should look upon them in something of that light in connection with the Five Group piece of business. Hioki retired from the diplomatic service and for a time lived quietly in Tokyo, and if report was true he was not altogether pleased with the light in which his Government persisted in placing his part in the Five Group affair.

Viscount Kato had a nasty slap from the Genro by their flat refusal to follow Marquis Okuma's advice and select Kato as Premier. That the blow fell on constitutional government in Japan as an institution, no less than on Kato himself, could afford but little satisfaction to him.

When, in the summer of 1916, Baron Hayashi, Ambassador at Rome, was transferred to Peking as Minister, it was given out in Tokyo that he was "to retain his prestige, privileges and place in the very front rank of Japan's diplomatic corps." Never before in the diplomatic history of Peking had such a thing taken place. The seriousness of the situation in China was the reason given by Japan for this step of placing a substantive ambassador in charge of a legation.

I remember at the time that a member of the Chinese diplomatic corps told me that China had been advised by Japan that Baron Hayashi would retain the privileges of an ambassador while bearing the title of Minister.

I was not sure just what that meant, and took the first opportunity of asking about it from Mr. Guthrie, the American Ambassador in Tokyo, who bore the reputation of a considerable knowledge of international law. From a long dissertation on the subject of ambassadors in general I gathered that the only material difference between the treatment that must be meted out to an ambassador and a minister by the Power to whom he is accredited, is that an ambassador cannot be refused an audience with the head of the Government, while a minister requests such an audience, and must, if the head of the Government desires, await the convenience of such head. Not much in that, especially when one is dealing with China, who is not only always ready and willing to accord all reasonable requests on the part of anyone, but would as soon think of cutting off its own head as wilfully offending the slightest susceptibility of its Oriental neighbour.

No, I do not think Baron Hayashi would have had to ask twice to see Tuan Chi Jui, whether he asked as Ambassador, Minister or just plain private individual.

CHAPTER XVI

BARON HAYASHI ON THE FIVE GROUP DEMANDS

BARON GONSUKE HAYASHI, His Imperial Japanese Majesty's Minister in Peking in 1916, has a most cultured and courteous manner. It is a manner that does not impress one as being merely the product of habits of external politeness, when all the time there is another feeling inside the breast of the bowing, smiling, complimentary, almost obsequious exponent of what may in some parts of the Orient be considered good form.

Baron Hayashi impresses one as being real, to begin with. He impressed me as being honest and straightforward. Personally, I would trust Baron Hayashi. He has a most intelligent face, a kind face, and his eyes are frank and his gaze thoughtful and steady. He speaks English as well as any of us. Further, he thinks in English, which is a thing but few of his compatriots can do—fewer of them, in point of fact, than you would imagine.

"How did you like being sent to Peking again, Baron?" I asked.

"Naturally, I did not like to leave Europe at such a time as this," he replied. "For more than one reason I would have preferred to stay where I was. But the Foreign Office was very insistent."

I asked Baron Hayashi for some explanation of one or two things I could not understand. For one thing, I told him I could neither follow Marquis Okuma's foreign policy towards China, nor could I make Viscount Kato's action as Foreign Minister at the time the Five Group Demands were presented to China by Japan seem consistent with what was generally considered to be his personal characteristics. Okuma's actions, or at least those of the Government of which he was the head, were not consistent with his declared attitude toward China. Kato, whose reputa-

tion with all who knew him was that of a man of high individual honour, had been guilty of an action, in his capacity as Foreign Minister of Okuma's Cabinet, that could not be characterised as straight dealing by any sort of diplomatic construction.

I put it a little less baldly than that, but that was the situation as I read it, and there was no use trying to wrap up such conclusions in unnecessary verbiage.

"As to Marquis Okuma's foreign policy, in so far as it affected China," said Baron Hayashi, "it seems to me, he had no policy worthy of the name. If he had wanted internal peace in China, which he was supposed to desire, to allow trouble in Southern China and trouble in Northern China without putting forward the least effort to assist China to stop either was not particularly indicative of such desire. His policy was neither one thing nor the other. You say you could not follow it. No one could. I confess I could not.

"I was equally at sea with reference to Viscount Kato's action at the time of the presentation of the Five Group Demands to China. Viscount Kato is my old chief. I have a very high opinion of him personally. When he sent China a Note containing five groups, however, and then sent to England what purported to be a copy of his Note to China, and that copy only contained four of the groups and omitted the fifth altogether, which was directly a breach of the agreement contained in the Anglo-Japanese Alliance, he did something which I can no more explain than you can. Outside of the question of probity involved his action was unbelievably foolish.

"But that was not all. Not only did Viscount Kato withhold the Fifth Group from England, but when he transmitted the text of the Five Group Demands to the Genro, the Elder Statesman Party in Japan, the text he gave them was identical with the text that he had sent to Great Britain. That was a most extraordinary thing. The Genro discovered the existence of the Fifth Group, not from Viscount Kato, but from England. Naturally they were very angry. They will not easily forgive Viscount Kato for that. His action in that incident is, in my opinion, the fundamental reason why the Genro would have none of Viscount Kato as Premier, even though he

had the support of the majority of the Diet and was Marquis Okuma's choice as his successor.

"I can think of only one explanation that would have any bearing on Viscount Kato's action in that matter. He may have put the Fifth Group of Demands or Desires forward to China purely as a secret document between Yuan Shih Kai and himself. Yuan made certain suggestions to Japan at the time he promulgated his monarchical scheme. When he was about to take the Imperial Throne in China he sent the Chinese Minister in Tokyo to Marquis Okuma and asked what the attitude of Japan would be. Okuma said he considered the matter one that was so purely an internal question for China herself to settle that he would not interfere one way or the other. Later, pressure in Japan evidently forced Okuma to take another view, somewhat. Perhaps Yuan had something to do with the inception of certain suggestions from Japan.

"However that may be, Viscount Kato must have been both out of touch with Far Eastern politics and unaware of Yuan Shih Kai's true character to have depended upon keeping the Five Group Demands, or any part of them, secret once they had been submitted to China. Yuan Shih Kai promised to keep them secret until such time as both parties agreed to their publication. Of course he did nothing of the kind. Anyone who knew Yuan Shih Kai would have known that, in the beginning.

"Look at Yuan Shih Kai's record. Think of his traitorous conduct to the young Emperor of China years ago, in the days of the Empress Dowager. The young Emperor secretly planned certain initial steps toward reform. He gathered around him several young Chinese, who were to assist him in his plans. Calling in Yuan Shih Kai, the Emperor told him of their projects. Yuan went straight to the Empress Dowager and betrayed the reformers. The result was that Kang Yu Wei made good his escape, and all the other reformers were put to death, except Liang Chi Chiao, whom you saw the other day in Shanghai.

"I was Minister in Peking at the time. Young Liang Chi Chiao came to me one afternoon, and told me the whole thing. Later in the day he came again, and said he was soon to be put to death if caught. I did not know

what to do with him, but he had come to me so frankly that I decided to help him if I could. I housed him that night in the Legation, and managed to send him off to Japan the next day."

As Baron Hayashi chatted about those hectic days in China, my mind went back to Hong Kong, where a few months before Liang Shih Yi, once right-hand man and arch-schemer for Yuan Shih Kai, had said to me, "Liang Chi Chiao has done more to introduce Japanese influence into China than any other man alive." If Liang Shih Yi was in any degree correct in his statement, which may or may not be, Baron Hayashi builded better than he knew, perhaps, the night he saved the life of the young Chinese reformer. At all events, Liang Chi Chiao had the most gifted and eloquent pen of any Chinese alive in 1916.

"That was only one of Yuan Shih Kai's deeds that showed him to be untrustworthy," continued Baron Hayashi. "Time after time he demonstrated that fact. Take the incident of the Chinese Revolution in 1911. Yuan had been sent from Peking, only to be called back when the revolution broke out. He was the only man in China who could deal with it. He took charge of the Imperial troops at Hankow, won the day, and then coolly, seeing the drift of coming events, returned to Peking in spite of his success in Hupeh, and drove out the Manchu Dynasty, one day to usurp the throne he told them that they must vacate. That was the sort of man that Viscount Kato trusted, apparently, to do what it was most unlikely he would do from half a dozen standpoints."

Baron Hayashi was undoubtedly no keen admirer of Yuan Shih Kai.

I have never found a Japanese who was fond of Yuan.

This universal lack of love for Yuan on the part of the Japanese he did not worry much about, it is said. On the contrary, he returned their dislike with interest, did Yuan Shih Kai.

He had his good points. One of them was that he was a fighter against anyone he thought an enemy.

But interesting as China's history has been for the past couple of decades, I was much more concerned with what was likely to happen in China in the near future.

I found Baron Hayashi by no means averse to discussing the existing situation and commenting on the trend of the events that were likely to follow the selection of Count Terauchi by the Genro as Premier in Japan.

No man knows Chinese politics or Chinese political characteristics better than Baron Hayashi, and I listened closely to his view of what must be done to help China out of her difficulties.

CHAPTER XVII

A CONCRETE SUGGESTION

"I DO not wish to ask a question that you could not be expected to answer," I said to Baron Hayashi, "but let me outline what a friend of mine in Japan thinks of the prospects of a continuation on the part of the Japanese Government of a policy that might be described as moderate towards China.

"This is the way my friend in Japan, a Japanese who is very well known in England, puts the matter. Count Terauchi has been made Premier at the command of the Genro, and at the dictation of the Military Party in Japan. He does not, so far as is at present known, carry with him a majority of the Diet, which is supposed to support Kato. If Count Terauchi should direct a policy towards China that was a harsh policy, a policy such as the anti-Japanese element in the treaty ports of China prophesy will be promulgated shortly, he would not have the Diet at the back of him. It would be against him. Then would come a test as to whether constitutional government in Japan really exists. My friend thinks that Japan has gone so far along the road of constitutional government that no Premier could retain his seat in the face of the absolute enmity of the Diet. Thinking that, my friend declares that the policy of Terauchi's Cabinet is not likely to embody anything that will spectacularly threaten the sovereignty of China. Would you care to tell me if you think my Japanese friend is right?"

"I think," answered Baron Hayashi, "that he is right. I do not pretend to know the foreign policy of the new Government. The Cabinet has not as yet been formed. But my opinion is that the policy of any Government of Japan that will be able to hold office must be, particularly as regards China, on fair lines. Unless it was what you would probably call moderate, I think the Premier would

certainly come into conflict with the Diet. Men of wider view as regards foreign politics are constantly gaining in numbers and weight in Japan."

"What about the Cheng Chia Tung incident, that is causing so much talk?" I asked. "I suppose the negotiations you are carrying on with the Chinese Foreign Office have not been stopped?"

"No," answered the Baron. "We are to have another conference this afternoon. The Cheng Chia Tung affair was an incident of only local importance, and will be treated as such so far as Japan is concerned. The question of the policing of certain points in Manchuria is under discussion, of course, but there is no point about it that denotes any radical departure from what has been going on for some time, and I do not anticipate any disagreement about it or anything else in connection with the Cheng Chia Tung matter."

"What will be the outcome of the whole present muddle in China?" I queried. "What is going to be the real solution of China's troubles? Or will there be a solution? Things here in Peking seem to be in almost a hopeless state."

"First of all," was the reply, "the Powers must agree among themselves as to a policy toward China. They must come to a full and unanimous agreement. Not only must England, France, Russia and Japan be parties to it, but America as well. Even should the United States decide that it wished to have nothing to do with any loan that might be made to China, we should have its full agreement and its moral support of the policy to be followed. China needs, beyond all else, ten or fifteen years of uninterrupted peace. Given time, China would show wonderful progress along many, many lines. The Chinese are intelligent. I see any amount of good, intelligent material here in China. Many of them are keen, too, to help. But unless China has peace, nothing can be effected.

"Some of the greatest difficulties in which China finds herself to-day are those from which she can never extricate herself. I doubt very much if China will ever agree to allow the Powers to give her the help she must have, sooner or later, from outside, without combined and unanimous pressure from the Powers. Therefore, first let

the Powers decide among themselves that a committee of some sort, drawn from them or delegated by them, shall run China's finance, both as regards income and expenditure, and we can then discuss the ways and means.

"It is the only way. China is merely drifting to-day from bad to worse. Give her money and what becomes of it? Wasted, every time she gets it! It will always be so until the Powers have a voice in China's financial matters. There is sure to be the greatest opposition to any such scheme on the part of the Chinese themselves—I know that. But if the Powers, unanimously, pointed out that the step was not only for China's good, but the only sane path to a solution of China's difficulties, the thing could be done. Under such a scheme China would advance surprisingly in ten to fifteen years. It might be true that China's finances might have to be run for her by outsiders for twenty years before she could be trusted to take them over herself. But that is her only way to true progress—the only way she will eventually come into her own.

"By such a procedure, and by no other, could China see the day when the Powers would hand back to her the areas wherein they possess special rights. The day would come, too, when ex-territorial rights in China would be a thing of the past."

I gasped.

Such talk from a Japanese!

What would Baron Hayashi's countrymen have to say to such proposals? But that evidently did not worry Baron Hayashi.

"I have a genuine sympathy for China," he went on; "who has not who knows China? I would be glad to do anything in my power to really help. But," and he shrugged his shoulders, "the Chinese do not believe me. When I make a common-sense suggestion they do the opposite thing. If I point out a road, with every good feeling and intention, they take the one leading in the other direction."

I could understand that. China mistrusts Baron Hayashi because he is Japanese, not because he is Baron Hayashi.

"Above all"—the Minister spoke with great earnestness—"the Powers should co-operate in the Far East. They

should co-operate in China. That is the foundation. It must first be laid, then the rest will come."

After a half-hour listening to Baron Hayashi's views on the growth of broader view-points in his own country, and the general improvement in tone of business methods in Japan, we touched on the bitterness that the previous year or two had seen spring up between Englishmen and Japanese in the East. Baron Hayashi had not been out from Europe sufficiently long to appreciate its extent. I found that out at once. He was frank in saying that the anti-British Press campaign that was conducted the year before in Japan was to be condemned unconditionally. When I told him that many men in high places put forth the excuse that the Japanese Government had no control over the Japanese Press, he threw back his head with an impatient expression. "No control?" he said. "That is all nonsense. The Government should have control of the Press of a country in time of war, if at no other time. That Press campaign should have never taken place. The Government should never have allowed it."

Baron Hayashi had brought back ideas from Europe that might open the eyes of some of his fellow-Japanese, I thought.

I asked Baron Hayashi if he thought I could get, when I returned to Tokyo, the text of the agreements between Japan and China regarding the Hanyeping mines in the Yangtze Valley.

"I think you can do so," was his reply. "I know that some documents of that sort are hard to get hold of at times. It should not be. I remember, years ago in Peking, Chang Chi Tung came to me and wanted to borrow about 30,000 dollars in connection with the Han Yang plant, that is now part of the Hanyeping Company. I managed to find the desired amount for him in Japan, but when I communicated the matter to the British Legation I was shortly favoured by a call from Mr. Brown, the British Consul-General at Hankow, who said China had an agreement with England to the effect that she could not borrow from anyone else with that sort of security without first approaching England. 'Very well,' I said, 'just show me the agreement, so I can explain my action, and I will see that the matter is dropped.' 'I cannot do that,' said

Brown, ' it is a secret agreement and I have not a copy, or at least have no permission to give out the details.' Well, I simply explained to him that I could not act unless he showed me the document on which he wished me to base my action. I suggested I should get it from Sir John Jordan. I asked Sir John for it, and he told me in turn that he had no permission to show it to anyone. I then suggested to Sir John that he should telegraph to the British Foreign Office, and get permission to show it to me. He readily did so, and after a lot of bother and delay finally did get permission, and the document was shown to me. It contained not a single thing that might not just as well have been published outright. There was not a shadow of an excuse for all the mystery. Yet that is the way things used to be done in China, and there is too much of that sort of thing still. If I had my way, I would say that there should be no secret agreements, and then there would be much less argument about them."

It was pretty hard to take issue with Baron Hayashi when he talked like that.

In fact, that long chat with Baron Hayashi was replete with surprises. I had heard so much on the other side of the fence that to have good, straight, fair words on such subjects from the man who was the mouthpiece of Japan diplomatically in China was a pleasant relief.

But I had forgotten all about The Cynic. I had forgotten tiffin, too, and the orthodox time for it was long past. However, I hurried my rickshaw man back to the Wagon-Lit, hoping to weather the storm of The Cynic's wrath.

He had waited for me.

"Come and have some food," he said. "Come and tell me all the nice things that you have heard about how Japan is going to help poor old China."

"You are a dyed-in-the-wool Cynic, my friend," I replied. "You know your Japan. I admit that. But you cannot make me disbelieve the truth of all I have been told. However, you shall have a full report of what I have heard. Then you can try to make me as cynical and as sceptical as you are, you misanthrope."

I am bound to say he did so—that is, he had his try.

CHAPTER XVIII

JAPANESE MILITARISTS AND CHINESE SOVEREIGNTY

THE Cynic and I finished a very serviceable tiffin at the Wagon-Lit Hotel and retired to my room for coffee.

I told my friend all that Baron Hayashi had told me that morning of his ideas as to how China could best be helped by the Powers. I told him, further, of how Baron Hayashi had trenchantly criticised the foreign policy of Marquis Okuma toward China, and the action of Japan's Foreign Minister, Viscount Kato, with reference to the Five Group Demands.

The Cynic listened until I had gone over the whole ground in detail. When I had finished, he nodded his head. "I can see the whole thing," he said. "Quite so, quite so. It corroborates what I have suspected."

"You are utterly incapable of judging anything Japanese fairly," I expostulated. "Be broad-minded."

"I am not unfair," The Cynic alleged. "Listen to what I have to say and draw your own conclusions. I will tell you just what I think, frankly, without bias. Then judge for yourself."

I listened to The Cynic with close attention, for, as I have told you, he has the reputation of knowing his Japan as well as any Anglo-Saxon alive.

I must confess I did not agree with all that he said, but his opinion is so eminently worthy of respect that I will write what he told me, just as he said it.

"The axiom that one must start with, if one is to get any sort of grasp of present-day Japanese affairs," he began, "is that there is a power in Japan that directs Japan's foreign policy that is not in sight of the casual observer, and does not depend upon any mandate from the electorate, or anything of that kind. To begin with, a mandate from the electorate in Japan does not mean much, anyway. Less than four per cent. of the population

have the franchise, and mighty few of those that have it use it intelligently. No end of them do not use it at all. The last election in Japan was the first one in which any sign whatever of popular interest was shown.

"The Military Party dictates the foreign policy of Japan. Do not forget that. There is no question about it. All men of all parties admit it, if they are the sort of men who are in touch with what really goes on politically in Japan."

I was prepared to accept The Cynic's views on that head. In one of the leading articles written in 1916 by Mr. Ishikawa, the editor of the *Jiji Shimbun* of Tokyo (the leaders of no paper in Japan are entitled to greater respect), he said, "Japan's policy toward China has hitherto been greatly influenced by the Military Party, as will be evident from what has taken place in Manchuria and Shantung since last year."

A more striking corroboration of The Cynic's view came a bit later in the form of a speech by Marquis Okuma, at a meeting held at his residence at Waseda for the formal dissolution of the Okuma Supporters' Association. Among the remarks made by the aged statesman in what was a sort of valedictory address to the men who had been his adherents were one or two remarkable expressions. When it is considered that Marquis Okuma may rightly be called one of the two originators of political parties in Japan, in the modern sense of the word, and for nearly forty years he has been one of the most prominent figures in Japanese politics, his statements are certainly worthy of careful analysis.

"Since the Russo-Japanese war," said Marquis Okuma, "elated by her military success, Japan has been placed in an isolated position as regards her foreign relations, while internally the progress of constitutional government has been brought to a halt. Thus the rights that are endowed on the people by the Constitution have been usurped by the bureaucrats, yet the people generally seem to make no serious efforts to recover their lost rights.

"It is forty years since the movement for constitutional government was started in Japan, and the net result of the labour of those years has been retrogression instead of progress. The administration of Japan is practically in the

hands of a few superannuated old men. Japan used to be a country more democratic than the United States, and it is a pity that this principle should be neutralised by the appearance among the ruling class of an admixture of German and Chinese ideas."

"When you understand that the Military Party dictates the foreign policy of Japan," continued The Cynic, "you can better find a sound explanation of both the action of Okuma and Kato. Okuma had no foreign policy. Hayashi was right. Okuma was never allowed to have one by the Military Party. He was given a fairly free hand so far as domestic affairs were concerned, but had to do as he was told with regard to China, for instance. The Military Party in Japan is not composed of men who have much understanding of foreign affairs themselves. Their ideas on such subjects are singularly insular and behind the times. So naturally their foreign policy lacks consistency and cohesion. Hayashi was right again.

"Kato is a man of high personal honour. I admit that. Kato knows right from wrong too. Do you think for a minute that Viscount Kato originated in his own mind the idea of sending four groups of the Five Group Demands to the British Foreign Office in London and keeping the fifth group back? Do you think he did a thing that was dishonest on the face of it? You do. Well, do you think he did it willingly, or of his own initiative and volition? If you do, you are wrong.

"Viscount Kato was told to do that by the Military Party. He protested that it was a wrong and a foolish thing to do. The Military Party repeated that it was to be done, and the result was that he did it. Why did he not resign? My boy, that question shows that you do not know the Japanese. The way to get any Japanese of high personal ideals to do a thing that goes against the grain with him is to make him believe that his duty to his country demands that he do it. No Japanese would resign in protest under such circumstances if he was handled properly, and Kato was handled quite artistically.

"Now I am going to say something you may not like about Baron Hayashi, for whom you have so much admiration. I do not believe his statement that the Genro were fooled by Viscount Kato. Perhaps he thinks so. But I

can see in what Baron Hayashi said to you, not only about Okuma but about Kato as well, something that is all part of a very Japanese plan indeed. Let me unfold it to you.

"The Military Party was solely responsible for the foreign policy of Japan toward China. What easier than to put the blame for what now can be seen to be gross mistakes on the shoulders of the old ex-Premier? The Military Party was the very heart and soul of the Five Group Demands. Forcing those demands on China has hurt Japan in the eyes of the world. What easier than to lay the fault at the door of Viscount Kato? The Military Party call him more English than the English for the reason that he is universally known to be pro-British as regards the present great war, and that he is openly in favour of Japan living right up to her treaty obligations with England. What easier than to discredit him? Okuma tried to get them to appoint Kato Premier. Not a bit. They chose a military man, Count Terauchi. I have seen evidences of this gradual but persistent effort to discredit Kato coming for some time. Hioki was made a scapegoat, but Hioki was small fry. The Military Party was after Kato's scalp.

"Why is Baron Hayashi so frank in criticism of the man of whom he spoke to you as his old chief? Do you realise that Hayashi was accusing Kato of a dishonourable action? Is he likely to disparage Kato to you, an American and a man of the Western world, without a reason for so doing? He knew you would spread that story. The Military Party in Japan would like it spread, and Baron Hayashi, like every other Japanese who has to do with public affairs, has to follow out the plans of the autocrats behind the throne.

"Count Terauchi will have to do so. He did not wish to be Premier. He was happy in his position as Governor of Korea. It took pressure to make him take the premiership. The Military Party supplied that pressure. One thing is true, though. If Count Terauchi expresses an opinion to the Military Party it will have much more weight with them than Okuma's opinion ever had. Terauchi is the party's own man and it will listen to him, perhaps. I think Count Terauchi may prove to be more

conservative than some folks think. I mean conservative in the best sense. Time alone can tell.

"As to the Press of Japan, one thing I want you to accept as an axiom about Japan. The Press campaigns are never launched without the consent of the Government, which means the Military Party. That anti-British campaign was all planned in high quarters. How ridiculous to allege that the Government could not control the Press. Who said that? A member of the Okuma Cabinet? Rot! And he knew it was rot, too. Look how the papers in Japan were called off the Cheng Chia Tung incident. All newspaper offices are subject to control by the Government in Japan. Orders come to the papers continuously. A former Emperor's tomb is desecrated. Not a line is to be printed about it. That sort of thing is typical.

"The Press is used in Japan, too, by the Military Party. When the Allies had fixed matters for China to join them against Germany, and Japan was told the deal was all ready, and her formal consent was asked, Japan said she had no doubt she could concur, but first she must consult with her diplomatic representatives abroad. The whole thing was secret, of course. What happened? The Japanese Ambassador in Washington gave the whole show away. Oh, said Japan, so sorry! If we had thought there was any possibility of our Washington man giving publicity to that matter we would have warned him not to do so. How unfortunate! The Press in Japan was advised to damn the plan to get China in, and the howl that went to heaven you know about as well as I do.

"Baron Hayashi may be the most honest man in the world. He cannot change the character of the group of men who rule Japan. More, the men who rule Japan do not care how Utopian are the ideas held by Baron Hayashi about Japan's dealings with China, so long as he does their bidding when the time comes. And in my opinion he will do it. He is a Japanese, and looks at that sort of thing from a standpoint that is altogether different from ours. What Japan's policy toward China will be in the near future I do not pretend to know. It may be harsh. If not, that fact will owe much to a realisation on the part of the Military Party in Japan that it cannot do as it

pleases in the Far East with impunity. It may come to that conclusion, but there are plenty of evidences that it has not reached that point, or come near it, as yet.

"As to the sovereignty of China, her sovereignty over Manchuria is so much of it gone that what China retains does not amount to much. The other Powers in the world, the Powers of the West, by their attitude on Far Eastern questions, will have much to do with the retention or loss of China's sovereignty. More responsibility on that head lies with them than some of them seem to realise."

So that was The Cynic's way of looking at it.

He certainly knew a great deal about Japan. There was no gainsaying that.

On the other hand, he might have been wrong on some points. Few of us are invariably right.

CHAPTER XIX

A CHINESE OPINION ON CHINESE POLITICS

"IF you will come to the outer gates of President Li's official residence at 1.30 p.m.," said Wu Chao Chu of the Chinese Foreign Office, "I will arrange to meet you just inside, and will act as interpreter for you during your talk with the President."

It was an October morning in Peking, and October mornings in Peking are glorious. There is just that tang in the air that gives a zest to life. Peking has few rivals for the proud title of the most picturesque city in the world. I was to see the man who was nominally, at least, in the seat of Government of the Republic of China.

I set out from the Wagon-Lit Hotel in plenty of time. My last recollection of Peking was different indeed from the scenes that surrounded one in the Chinese capital in 1916. My last visit to Peking was sixteen years before. I came up from Tientsin with the Relief Expedition at the time of the Boxer troubles.

Perhaps I appreciated the Wagon-Lit all the more for the fact that my first night in Peking in 1900 was spent in the rain and wet under such poor shelter as was afforded by a rude shed at the edge of the tennis lawn that faced the British Legation proper. We had just "relieved" the Legations that day, and were mightily relieved ourselves to be in touch with food again, some of us. Congestion in the Legation compound enforced an open bivouac for the first night.

My speedy rickshaw coolie—the Peking rickshaw coolies are the best and speediest in the Far East—tooled along merrily past that same British Legation and then along one of Peking's new road-beds, a vast improvement over the awful highways of earlier days, until he crossed the broad stone court that marked the threshold of the famous Forbidden City itself. Down the stone-flagged space to

the left a gate tower hid the lower storey of the big Chien Men, or main outer gate of Peking to the westward, resplendent in all the glory of its new fantastic, barbaric colouring. From that Chien Men, on August 15, 1900, the American troops fought a hard little fight straight up the flags that led to the Purple City of the Emperor, losing many a good man to gain a position where my rickshaw flew past in 1916 without a pause to allow a moment's reflection.

Reaching the gateway of the outer lodge of the official residence of the President of China, I discovered that his abode was in a part of that once Forbidden City, a part that once had served as the residence of the Emperor himself.

Inside the gate a good-sized lake stretched away in front. At a glance I recognised the place. General Linievitch, the Russian Commander-in-Chief in China in 1900, had asked General Stoessel, who was in command of the Russian troops in that quarter, to show me over that very self-same part of the Imperial City. My tour of observation had taken place before the Allied triumphal entry into the Forbidden City proper, and had been a unique opportunity. It certainly seemed strange to be rolling along that lakeside path in a rickshaw, bound for an interview with a Republican President of China. Who would have prophesied it that day sixteen years before?

Over the brown stalks of innumerable lily-plants that floated on the surface of the lake gaily coloured barges barely moved. Beyond them was what seemed to be an island, set in the centre of the lake, but in reality a sort of peninsula, its landward connection on the far side. A fairy island this, that a clever scene-painter might have designed to embellish his masterpiece. Its green trees sprang from the lake shore and sufficiently clothed its higher banks and its hill-like centre so that one could only catch rare glimpses of the many-coloured buildings that covered it.

Through this green mantle here and there peaked roofs of rich yellow and pure turquoise, trimmed with blue, green and purple tiles. One could see but tiny bits of the colouring through the thick foliage, which produced an effect of singular beauty.

Past paved courts and through them I went, low one-storey houses, with doors wide open, flanking them. In one house I was turned over to a Chinese, who drew aside the heavily padded blue silk curtain of a room and invited me mutely to enter. The partitions and ceiling of dark brown wood were covered with wonderful carving.

As I waited I thought of the great change that came over China when that gay-coloured island-like home I had just passed, once the favourite residence of the Manchu Emperor, had come to be the home of a head of a sort of representative government, or at least the beginning of one. It gave one food for thought, especially when surrounded by all the reminders of the supplanted regime. The grandeur, the decorative stamp put upon every building, the record of pomp, circumstance, and luxurious wealth that abounded, all bore the hall-mark of that fallen faction, the Manchu rulers of China. In the midst of it sat the Republican successors of the broken house. What stamp would they leave on the land? No monuments of luxury, that may be sure. They are not sufficiently sound financiers to do that, if they would. They have trouble enough raising money for themselves.

Dr. Wu Chao Chu joined me. We chatted while waiting for the Presidential summons. Dr. Wu is a Doctor of Laws, and is, if my recollection is correct, a barrister admitted to practise at the English Bar.

Dr. Wu is one of the brightest men I met in China. He is distinctly in contrast to the type of young Chinese who goes abroad, generally to Japan, for a few years and comes back to China with a bare smattering of learning. That type is one of China's greatest menaces to-day.

I had been discussing the probable course of events in China with many well-known men during the preceding days in Peking, and more than once there had cropped up the conviction on the part of some one of them, whether friendly to China or apathetical as to her fate, that the Powers would sooner or later have to administer the financial affairs of the great, incapable country.

The most cogent proposal I had heard had been suggested to me by Baron Hayashi. That, you will remember, embraced first an agreement between England, France, Russia, Japan and America as to what line should be taken,

then the reformation of Chinese Governmental financial affairs under the guidance of the Powers, directed at first hand by an International Committee.

With China at present "borrowing at 11 per cent. to repay loans made at 5 per cent.," as Sir John Jordan put it to me, but few of the thinking men in Peking, whatever their nationality, could see where the Central Government, left to itself as regards finance, would do otherwise than drift from bad to worse.

Anxious to get an intelligent and broad-minded opinion on this subject from the Chinese point of view, I took the opportunity of asking Dr. Wu his views.

"The proposal as to a group of the Powers dealing with the question of China's finances by means of an International Committee sounds all right in theory," said Dr. Wu. "Do not forget, however, that such a proposal would result in Japan ruling the committee. The European Powers are not in a position to lend China money. America apparently does not care to do so. Japan can do so and is willing to do it. An International Committee dealing with a loan in which Japan had the greatest actual monetary interest would very likely have a Japanese chairman. In any case Japan would undoubtedly have the greater voice in its counsels.

"The result would be that China would become another Egypt. England and France went to Egypt together, if you remember. Trouble came and found France unwilling to send troops to cope with it. England had to send the troops and do the work that had to be done on the spot. England alone sent the soldiers. England alone is in Egypt to-day. More, an Egypt under the English and an Egypt under the Japanese would be a very different matter indeed.

"Could not the same thing happen in China? Start the matter with the suggested International Committee. Suppose some trouble took place between Japanese and Chinese in China. Imagine even, for the sake of argument, that Japan wished to force that trouble. An agent provocateur could easily be employed. It would be a simple matter. If trouble started, whatever the cause, would Europe send troops to China? Would America? If the Powers thought it wise Japan would never let that

come to pass. No, Japan, only a few hours distant, would send the troops. Can you not see how easily China could become an Egypt? Five Group control of China means Japanese control of China.

"Yes, it means Japanese control of China, and that means in turn China's sovereignty gone. That policy is just feeding Japan's ambitions. Do any of you want that? It is what you would get.

"Why not let China organise her revenue under the assistance of foreign helpers? She has done that with the salt gabelle. Help her do her own organisation as to revenue and try her as to her expenditure. If China proves that she is absolutely incapable of supervising her own expenditure, then give her some foreign help and supervision to do it herself, always herself, but with foreign advice.

"Do not forget that an Allied loan just now means a Japanese loan unless America comes in. Do not lay all America's apathy to the Wilson Administration. Remember what happened under Knox, who was Secretary of State under Taft. Knox proposed that the Manchurian railways should be international in character. Japan showed a very stern front. Knox dropped the proposal at once. An agreement between China and an American group was all but signed whereby Americans were to construct a railway on the western borders of Manchuria. The pen was practically dipped in the ink in Peking to sign that agreement. What happened? Japan heard of it and protested. What did Knox do? Dropped it quick. If you think any help might be expected for China from America I disagree with you.

"Japan has her tentacles out to-day, not only in Manchuria but in Shantung and Fukien Province as well. Give her financial control of China through your Five Group International proposition and you fasten those tentacles all the tighter. You are playing Japan's game when you give her any such opportunity as you suggest."

Just then the call came, and we went in to see President Li.

CHAPTER XX

THE PRESIDENT OF CHINA

DR. WU and I walked through a succession of long galleries, round countless corners, through all manner of courts, past many scenes unusual to Western eyes. One court, instead of being paved like its fellows, had been transformed into a miniature lake. Windows of strange design, some showing rare workmanship and unusual architectural beauty, lined our way. Sentries were legion and could be met at every turning.

From one court a long path, couples of sentries facing each other across it at intervals of every ten feet, ended in a flight of stone steps on which waited a Chinese officer of high rank. The steps led to a house whose exterior showed a more modern design than any we had previously seen in the palace grounds. We were escorted along a corridor, through a large reception room, and there at its other end, stood General Li Yuan Hung, the President of the Republic of China.

Li Yuan Hung had been described to me more than once as a soldier pure and simple. In fact, he was very fond of so describing himself. Upon one characteristic of General Li all men of all parties agreed. No one in China would lift a voice against the opinion that Li was straightforward and honest. He was a plain, blunt, honest and not particularly astute or clever soldier, that was all. He had no great strength in China, and never took a stand which antagonised any person or any party if he could possibly avoid it, and one generally can avoid it in some way in China if one is sufficiently keen on doing so at no matter what cost.

Li was sufficiently stout to be called fat. He was in uniform when I met him, a grey uniform, unpretentious, with no sign of rank except the usual three stars on the shoulder straps. I have seen three stars on the shoulder straps of so many soldiers of all ranks in China, stars big

and little, stars gold and silver, stars of many points and stars of few, that I have no more idea what three stars on the shoulder really mean than the man in the moon. Perhaps it means nothing.

President Li had a heavy type of face. His close-cropped black hair, hardly touched with grey, accentuated the heaviness of his face, as did his heavy lips. He wore a rather long black moustache. His manner of speaking, his tone and the way he held his head all proclaimed the old soldier. He looked straight at one when he talked, and cut off his words abruptly.

A dispatch had been shown to me that morning by Dr. Reinsch, the American Minister, which said that fighting had taken place the day before in Kwangtung Province, in the south, between two bands of revolutionaries. It was calmly reported that no fewer than 20,000 of the combatants had been killed. This was given out so definitely that I thought some real fighting had possibly been done and a few people killed. I asked Li what he had heard from the south about the affair.

From his answer I judged he had heard nothing. He merely remarked that no fighting of consequence could take place in the south, as all the leaders were in agreement. That I knew, for I had been in Kwangtung not many months before, and had an opportunity of seeing how General Li settled matters when trouble had occurred. He settled matters in Kwangtung by giving all the contestants what they severally wanted, and paying them well to boot.

The discussion of China's financial difficulties Li dismissed with a wave of his hand. The Salt Gabelle, he said, was doing very well. It would produce quite enough revenue to secure the required loan for which China was negotiating.

"Sir Richard Dane has done so well with the Salt Gabelle," I suggested, "that some Chinese argue that it might be wise to find another Sir Richard Dane and put him to work on China's Land Tax problem. Is foreign assistance likely to be employed in connection with the Land Tax?"

No need to have Li's answer to that question interpreted. I knew what it was before Dr. Wu told me. President Li was root and branch against any foreigner

having the least thing to do with the Land Tax. Never, never, never! No one but China should ever touch it. Chinese reform of the Land Tax, perhaps, said the President, but in the Chinese way. Surveys were being commenced, but many years would elapse before great headway could be made, as it was a gigantic undertaking.

I with difficulty repressed a smile. China, with Nepotism and Squeeze standing guard, reforming her internal system by herself, with no outside assistance whatsoever, comes perilously near to being a joke.

"Likin and internal Customs are the first reforms to which we intend to give our attention," continued President Li. "I am not in favour of outside assistance there either."

He said it in a "That settles it" sort of way that showed the Chinese of the old school. No modern ideas ever threatened the peace of mind of Li Yuan Hung. No ray of comprehension as to Western ways of doing things or Western points of view ever found its way into the dark recesses of his age-old mind. He was just hopelessly and inevitably "Old China," and that was all there was to it. I went over the ground again a little more carefully, giving the President some of the arguments of the more up-to-date thinkers among the Chinese of both north and south, but it was always the same. Li's idea was to go on in the Chinese way. He said quite bluntly that no matter from what quarter the suggestion to enlist a foreigner to assist in the more important work of financial reform might originate, he would not allow it.

As he appeared to be set against foreign help as to Chinese taxation, while so equally ready to forget that but for foreign reorganisation and co-operation of the salt gabelle China would have been indeed in sad case, I thought I would like to hear his opinions on the subject of employing General Aoki as general adviser of the Chinese Army.

No sooner had I asked what he thought about such a procedure than President Li explained at some length that a very false report had been spread as to the Government's intentions in that matter. I assured Li that I was not in the least under a misapprehension as to that, for the reason that I had read carefully his own explanation to the

House of Representatives. But Li was not to be drawn on the Aoki subject. He would have none of it. He shelved the question definitely by saying that the whole proposal had originated with the Cabinet, who still had the matter in their hands. It was theirs originally and theirs still. He had nothing to do with it.

Other things we discussed briefly. The personal and the leading characteristics of some of China's military men he spoke about frankly enough.

The Manchurian situation showed no change, he said.

I must confess I was anything but impressed by the President of the Chinese Republic. I was far more interested in the short conversation that I had had while waiting with Dr. Wu.

After all, President Li Yuan Hung and Dr. Wu Chao Chu represented two types as well as any two men in China could represent them. Li stood for the old regime. Wu would stand for a new one if there had been such a thing in China. But there was not.

China's curse was a plethora of the too new and too radical in her young blood. A man with balance like Dr. Wu could no more work hand in hand with that element than he could with the old Manchu monarchy, perhaps not so well.

But one thing was demonstrated to me beyond all question of doubt. Whatever China's danger from the half-fledged, half-educated, half-foreign element that seemed to have such a hold on her political system that they blocked reform with destructive rather than constructive propaganda, there was not the slightest danger that Li Yuan Hung, President of the Chinese Republic, would ever turn extreme Radical with them. He would be the same old simple soul to the end. Honest, fearless old soldier, steeped in Chinese ways, he was probably the only man who could sit in the seat of the Presidency in China in 1916 with so little chance of objection from the contending factions.

Let us hope that here and there may be found a Chinese who will, in spite of all, remain honest and fearless to the end. A way may open for China after all. Who knows? The Western world might even get to care again, some day, what happens in the Far East.

CHAPTER XXI

I GO TO MANCHURIA

I WAS the guest of the South Manchurian Railway, so far as seeing Dairen was concerned. That is, when I presented certain letters of introduction from Tokyo to the heads of the railway company they at once took it upon themselves most kindly to show me something of whatever I wished to see in the vicinity.

Dalny, as the town of Dairen was originally called, is in South Manchuria. It lies on the Chinchow Peninsula, which is the narrow, extreme southern extension of Manchuria, the shores of which are washed on one side by the Gulf of Pechili and on the other by the Yellow Sea.

In 1898 China leased the Chinchow (or Liaotung) Peninsula to Russia, who at once started the fortification of Port Arthur and the foundation of a commercial port to which they gave the name of Dalny, meaning "The Far Away." Dalny was but thirty miles or so from Port Arthur. When I visited Manchuria in the autumn of 1900 the Russians were most enthusiastic with reference to Dalny. In the two years that had passed since their lease of the peninsula they had laid out a model little metropolis. A pier had been built, waterworks, electric lighting, drainage and street construction were proceeding apace, and many houses had been raised, though most of them were planned for the use of the constructors of the city-to-be.

In 1904 came the Russo-Japanese War, and at its close, when Russia by the Treaty of Portsmouth gave over its lease of the Chinchow Peninsula to the victorious Japanese, Japan found the completion of the work begun a comparatively easy matter.

The Russian idea of Port Arthur was by no means taken over by the Japanese when they started what they call the "Government of the Kwangtung Leased Terri-

tory," the headquarters of which is in Port Arthur. Russia barred no one from what she hoped and trusted would prove her impregnable fortress in the Far East. As I remember the town in Russian days, from two to three thousand foreigners forgathered there, and business boomed thereabouts. Japan kept the foreigner out of Port Arthur. When I visited the place in October, 1916, I was told that but one European, a Swiss missionary, resided in the town.

All that Port Arthur was asked from the Japanese was to provide a fortress and naval base. Of Dalny they asked great commercial growth and expansion. They planned she should be a Queen-City of the East. But they went about their work in the wrong way.

They changed the name of Dalny to Dairen and of Port Arthur to Lushun. The first change stuck, the second did not do so. Most people in the East speak of Dairen to-day when mentioning that city, but Port Arthur will remain Port Arthur till the end, Japanese station signs, time-tables, guide books, official documents and such adjuncts notwithstanding.

Dairen and the South Manchurian Railway are so closely connected and one so interwoven with the other that the two might almost be taken as one whole. That is one reason, or bears closely upon one reason, why Dairen, fine city though it appears to the eye, is as dead as a door-nail except for such business and traffic and life as may come to it at the South Manchurian Railway's hands.

"The City of Dairen," says the official railway guide book, "has prospered exceedingly, until now it is one of the best laid out and most imposing cities in the Orient, with many magnificent public buildings, fine streets and parks, boasting a population of over 80,000 and having risen from the forty-second to the fifth port in the trade returns of the Chinese Maritime Customs. The city is well supplied with electricity and gas, has fine telephonic, telegraphic and wireless telegraphic communications and good postal arrangements. A fine water supply has been secured, and a modern sewerage system laid out throughout the city."

Quite right, Mr. Scribe, quite right. But you may

build all the cities you wish in that way, you may devise and construct an ideal town in an ideal spot, and still lack the vital attribute to the ultimate success of your venture. A successful city must be something more than a collection of fine buildings lining fine streets, with all the improvements of civilisation provided. A successful city must have not only a population. It must have a population of the right sort. That Dairen did not possess, and I doubt if it ever will possess it. Dairen was as silent as the grave. No life, no movement, was to be seen on its streets. Its shops were mostly small insignificant stalls kept by small insignificant stall-keepers. If they were too large to be so classified, they were equally torpid. Its amusements were forced or nil as the case might be. The town was a dead town, a town without heart, or soul, or life, or anything that went to make a city that lives and moves and has being as a city should.

Why?

Partly on account of Japanese policy in Manchuria, and partly because of Japanese characteristics in the abstract.

But the city of Dairen was a valuable asset in some ways to the South Manchurian Railway.

As a study portraying the result of Japanese policy in Manchuria, and, further, as a commentary on Japanese characteristics in general, it had more interest for me.

I spent a few days there, meeting many men of many minds.

Japanese, Chinese, British, American and Russian opinions came to my ears. I talked with Japanese generals, heads of departments civil and military, railway officials from the vice-president of the South Manchurian Railway all the way down to junior officials of the line, consuls, heads of all sorts of businesses, banking men, shippers, steamship men, importers, exporters, miners, mechanical men, newspaper men, hotel men, Customs officials, high Chinese dignitaries, Chinese not dignitaries at all and most lowly in comparison. I talked with lots of people, many, many of whom had lots to say.

And one thing above all else I had continually thrown at me in Manchuria: "Don't quote me as saying that." It was universal. The higher the person in position the

less he wanted his opinion in print as having fallen from his lips.

The Japanese who talked plainly and happened in so doing unduly to criticise Japanese methods or action had best pack his trunk. That was just as true, or more so, of the European in Dairen. No man, no matter what his business connections, could stay in Dairen one month if the Japanese authorities discovered he was acting the carping critic in their midst.

They did not want that sort of citizen in Dairen. That was one of the explanations of Dairen itself, in an indirect sense.

CHAPTER XXII

THE SOUTH MANCHURIAN RAILWAY

THE South Manchurian Railway, 50 per cent. of the stock of which was in 1916 owned by the Japanese Government, practically owns Dairen.

The railway runs a tourist agency which gets into touch with practically every traveller who journeys in those parts. The only hotel worthy of the name, the only hotel which serves food in European style, belongs to the railway company. The docks, where most of Dairen's business centres, are owned by the railway company. The street car system belongs to the railway. The electric light plant is operated by the railway company, as is the gas-works. A budding and prospective summer resort hotel a few miles from Dairen, where a £4,000 nine-hole golf course has been laid as bait, is a railway venture, as is the suburban tramway line running to it, one of two such lines owned by the railway. The railway repair and construction works near Dairen are the biggest single plant thereabouts, and a large experimental bean mill near Dairen is another railway enterprise. A fine hospital, a school and a technical school as well are under railway company control. A sort of pleasure garden, in which the sad, lonely scattering of visitors stroll mournfully about, a place called the Fushimidai Electric Park, is Dairen's show-place for amusement and is, of course, under railway direction. A better source of amusement to European residents is a daily paper published in English of a sort. This paper is produced by the company and edited by one of its employees. This is the only paper published in would-be English in all Manchuria.

The railway, in fact, is "the whole show" in what is known in Manchuria as "the railway area." This not only includes Dairen, but all other towns on the railway. The company assumes the obligation of providing education,

public works, hygienic welfare and such requisites in the railway area, and has been empowered by the Japanese Government to collect a house rate from the residents in such area. The manner in which the house rate is assessed is a joke, by the way. The resident, Japanese or foreign, is asked to state the amount of his salary. His word is taken for the return given and he is assessed on the figure thus obtained, rather than on any rateable value of the property itself.

The railway company thus having been delegated powers by the Government whereby it can collect rates and fees as contributions toward the cost of the management of the district, has published conditions concerning residence in the railway area. The making of parks, cemeteries, crematoriums, slaughter-houses, markets and many other institutions come under railway control. Then, finally, the land itself in the railway area belongs to the company, of course, and it and whatever house or business property may be erected upon it, the company leases to such applicants as may meet with its approval.

The railway company knows all that occurs in Dairen. I was shown a list of fourscore businesses to which a loan had been made by the Yokohama Specie Bank to encourage Japanese enterprise in a humble sphere and amidst humble surroundings. Barbers, tobacconists, small greengrocers and little tradesmen of all sorts were thus fostered by the ever observant overlords of the soil.

As a matter of fact this sort of fostering works but little real benefit to the Japanese small tradesman. In Dairen he may keep going, for Dairen is special ground, conducted under a special set of circumstances. In a town like Mukden, on the other hand, the Japanese small trader fares badly. He is no match for his Chinese competitor. In Mukden one may see many a closed and abandoned shop where some Japanese has essayed a business venture only to retire shortly afterward, ignominiously beaten by his Manchurian rivals.

The Japanese are by no means a thoroughly good business people yet. In Japan business ability and, to some extent, business probity are gaining ground. Some doubt that there is improvement as to probity, but I think there are indisputable evidences of it in some quarters.

The area covered by the South Manchurian Railway is considerable. It extends from Changchun on the north to Dairen on the south in a fairly direct line running for 437½ miles from north-east to south-west. Other railway branches besides this main road are the Port Arthur branch line of 28.8 miles; the Liushutun branch line of 3.6 miles; the Yinkau (Newchwang) branch line of 13.4 miles; the Yentai branch line of 9.7 miles; the Fushun branch line of 38.9 miles; and the Mukden-Antung line, that leads away to Korea, or Chosen as the Japanese call it, which has a mileage of 170.7. Thus the South Manchurian Railway lines cover over 700 miles of ground in one part of Manchuria and another.

When, by the Treaty of Portsmouth of September, 1905, Russia transferred to Japan that part of the Chinese Eastern Railway south of Changchun, which now constitutes the main artery of the South Manchurian Railway, Russia transferred with it, in diplomatic parlance, "all the rights, concessions and properties appertaining thereto." The "properties appertaining thereto" included the coal mines formerly owned by the Chinese Eastern Railway. The South Manchurian Railway Company was formed in the summer of 1906, and in April, 1907, the Field Railway Department of the Japanese Army formally transferred the railway and all its appurtenances to the new company.

In March, 1915, the S.M.R. Company's officials numbered 4,724 and its employees 18,119, the latter consisting of 8,443 Japanese and 9,676 Chinese. The company's rolling stock at that time was 267 locomotives, 3,186 goods cars and 196 passenger cars. For 1913, the year before the sudden fall in the price of silver and the Great War in Europe, the South Manchurian Railway carried 4,143,687 passengers and 5,782,161 tons of freight as against 1,868,140 passengers in 1908 and 2,609,036 tons of freight in that year. That five years' increase shows very fairly the relative expansion of the company's interests and scope. Its half-score of chartered steamers, its coal mines, including the great Fushun Mine, are all evidences of steady and continuous development.

As the railway company was given the control of the land which Japan acquired from Russia in 1905 with the

actual line of railway, the company found itself, at the time of its formation, in possession of 50,000 acres of Manchurian soil.

Thus, owning all the property adjacent to the only lines of communication in Manchuria, owning almost everything else in sight of the actual railway line, the S.M.R. has a considerable voice in what goes on in Manchuria, whether inside of the railway zone or outside of it.

By the Portsmouth treaty Russia kept the railway line from Changchun to Harbin. This 147 miles of line is all that remained to Russia of the once famous south section of the Chinese Eastern Railway, after its more important portion to the southward fell to Japan.

At Harbin, on the north frontier of Manchuria, three great lines meet. The Siberian railway from Irkutsk on the west, the Vladivostok lines, and the line to Changchun and the south join at Harbin. The fertile region between Harbin and Changchun was in 1916 supposed to be under Russian rule.

A new treaty between Russia and Japan was made in 1916.

By that treaty Japan will realise a long-felt want. The soya bean grows well in Manchuria, but nowhere in Manchuria does it grow so well as in the western edge of the Province of Kirin, which is traversed by that 147 miles of railway from Harbin to Changchun. When the Great War ends, or possibly before, Japan will take over that bit of line, and the South Manchurian Railway's jurisdiction and control will extend from Changchun, its present northern point, still further north to Harbin.

Incidentally, Russian monopoly of the rights and privileges of navigation of the upper reaches of the River Sungari, in central Manchuria, will go by the board. Japan wishes freedom on the Sungari.

A reliable and well-informed friend in Harbin has noticed repeated instances of Japanese loans of money on mortgage to both Russian and Chinese landholders in Harbin. The Japanese are getting a hold there.

CHAPTER XXIII

A VISIT TO THE SHAHOKOU WORKS

WHEN the question of the Mastery of the Pacific is under discussion; when men are expounding their views on Japanese policy toward China; when wiseacres in the Far East express themselves forcibly and in almost invariably vague terms as to the Open Door in Manchuria; when foreign business men in China speak on their pet subject of Japanese commercial expansion; in short, on most occasions when Japan or things Japanese are in the foreground of whatever argument one may be hearing, Japanese labour is sure to be mentioned.

Japanese labour is cheap. That is the universal opinion. There is an abundance of it. That everybody says. A cursory knowledge of wages and cost of living in Japan proves the former statement. The fact that the population of Japan, already 70,000,000—including the Japanese in Taiwan (Formosa), Chosen (Korea), and Manchuria—is increasing by some 600,000 souls or more per year would seem to go far toward proving the latter contention.

Japanese goods are sold on the Chinese and Manchurian markets at prices which strengthen such views.

Japanese labour may undeniably be had for a very low remuneration, and great numbers of Japanese exist who might be called upon to labour in various avenues of daily toil. But there is another important factor of labour. That factor is the quality of it.

I have met both Englishmen and Americans in the Far East who talked nonsense about the Japanese, but on no one point have such men been so hopelessly at sea as on subjects connected with Japanese labour. I know men of usually sound judgment who think the Japanese will dominate many spheres in the Far East where to my mind they will never have a ghost of a chance to hold their own.

I learned something about Japanese labour and the Japanese labouring man in Manchuria. I learned something about him in Chosen too, and nothing I saw or heard in Chosen made me change the opinions I formed in Manchuria. Later I was put in close touch with the working man in Japan proper. He possesses few attributes his colonial brother a few miles away on the continent does not.

I asked to be shown over the railway workshops at Shahokou, a couple of miles from Dairen. These workshops are described in the South Manchurian Railway Company's literature as the largest and most up-to-date in the Far East. They were started towards the end of 1908 and completed in the summer of 1911. They were planned to have the capacity of executing repairs simultaneously on 25 locomotives, 36 passenger coaches, and 130 goods wagons of 30 tons each, and at the same time constructing and repairing other railway and mining materials.

More, the company built a model village about the shops, providing rent-free cottages of a good type for over 2,000 workmen and their families. Special attention was paid to the streets, sewerage and water supply of this little colony. Schools, hospitals, a post-office, a library, a meeting-hall, shops and a market were also provided. The village of Shahokou is self-contained.

The administration building of the works has, of course, an imposing front. Japan in Manchuria goes in for that sort of thing.

I met the head of the works and had a chat with him. Later, he placed me in the hands of a clever young Japanese gentleman, a Mr. Yamashita. This young engineer knew not a little of the greater railway shops of both America and England. He proved a capable, obliging and informative guide. The more young men of his type produced by Japan the more rapid will be her development, not only along mechanical lines.

We inspected most departments of the plant. Good testing machines filled the testing building. An ingenious apparatus for testing the accuracy and efficiency of the designer's ideas proved to have originated in the mind of Mr. Yamashita.

The main building, at the end which we entered, was crowded with boiler work. Three large bays beyond showed considerable activity. The first one accommodated 23 engines, a 100-ton crane picking up the locomotives from the track at the end of the building and swinging them along like buckets of coal to some point where space permitted their being deposited. A new six-driver engine of 85 tons, just nearing completion and built to the order of the Chosen Railway, was one of the exhibits in this shop. Of 1,200 horse-power, equipped with a superheater system, this engine was built to attain a maximum speed of 55 miles per hour.

"She will never be called upon to do that," said my guide with a smile, "for the best average obtained by the trains on the road over which she will run, including stops, will never be greater than from 25 to 30 miles per hour."

Another engine, having been thoroughly overhauled, was undergoing an oil-fuel boiler test.

The other two big bays of the main building were full of good, modern machinery and tool-machines. "At first," said Mr. Yamashita, "we bought English machinery, but later we have bought chiefly American machines, particularly as to the automatics."

"Can you get what you need without difficulty?" I asked. "Is your board of directors liberal in supplying your requirements? I see many good tools of late type, high price and maximum efficiency. Do you find your people broad-minded about scrapping useless stuff and purchasing later type equipment for your shops?"

"We never scrap machinery here," was the laughing reply. "Our people are very good about getting us what we want in the way of new machinery. I can always have what I ask for. But they don't like scrapping the old stuff. We have loads of it piled away. Our newer, heavier machines are capable of work on a much larger scale in this particular department (axle work) than the machines they replaced, but you would smile to see how carefully I have to store away the old stuff. No, we have not learnt to scrap machines yet, in a literal sense."

"Our first engines were American," he went on. "For that matter our rolling stock was American. Our steel bridges are American too, and the most and best of our

mining machinery. Did the American locomotives do well? Yes. We found them very good."

Across a central avenue, above which a running 10-ton crane operated, we found compact and businesslike foundries and moulding-rooms, as well as a small Bessemer plant. The buildings were well arranged and well built, the roofs being of saw-tooth construction.

A large stores building was conveniently placed in the centre of the works area. The truck shop, home of odd jobs, was piled deep with work. The sawmill, with neat dust-gathering devices to save the sawdust for fuel, held piles of lumber, mostly from Japan or Chosen. America supplied the pine boards. The pine and such mahogany as might be required were the only foreign woods used. The carriage shop and paint shop showed many completed coaches and wagons.

"I see much work in hand that does not appear to be car work," I remarked.

"Yes," said Mr. Yamashita, "60 per cent. of the work you see is for someone other than the South Manchurian Railway itself. The company has about 300 engines on its lines now. We keep these in order and the engines of the Chosen Railway as well. But we do a lot of work for the mines and factories in Manchuria. We bid on any job for anybody."

We discussed steels. Sheffield supplied some of the steel for the Shahokou Works in normal times, but most of it came from America. I spoke of the steel made in Japan. I had heard of a multitude of troubles experienced by the Russians with some of the field-guns supplied by the Japanese during the present war. Other war material of Japanese steel had, I was told on good authority, proved a great disappointment to Russia.

"When the war is over and your steelworks in Japan are free to supply peace orders," I said, "I suppose you will get your steel from Japan rather than from America?"

The railway man shook his head.

"Not until it is better than it is now," was his comment. "I am a bit sceptical of it. It will have to be right before we will use it here."

The power-house, with two big generators, both under a load, and with serviceable Babcock and Wilcox boilers

in the boiler-room, was running full tilt. Coal is cheap at Shahokou, for the Fushun Mine, one of the biggest coal mines in the Far East, is not far away and belongs to the South Manchurian Railway.

After discussing the weight of the carriages, which are on the heavy side, and talking about the roadbed of the railway lines, which is of Manchurian gravel and highly satisfactory, we at last approached the subject of labour.

As I had spent a couple of hours strolling through the various departments, pausing here and there to inspect this or to ask about that, I had been observing the working-men. The more I watched them, the more I wanted to know about them.

CHAPTER XXIV

ON JAPANESE AND CHINESE LABOUR

"WE have plenty of work to do at the present time," said Mr. Yamashita. "We keep from 2,400 to 2,600 workmen busy. Half of these are Japanese, half Chinese."

The model village of Shahokou, built at considerable expense to house 2,000 Japanese employees of the railway works and their families, was not full, then, though the shops might be full of work.

"I suppose you do not allow any of the 1,200 to 1,300 Chinese workmen to live in the model village?" I queried.

"Oh no," was the reply, "they are outside, beyond the gates. Beyond the pale, would you say?" And he laughed as he thought of the absurdity of a Chinese in one of those model Japanese cottages.

"But I have been watching closely all round the works," I said, "and I think the Chinese workmen a rather fine lot. They seem to be engaged in the more important work in several departments."

With that remark I unconsciously hit upon a hobby of Mr. Yamashita. The men and the work, that was his "pidgin." He had travelled widely, seen much and absorbed an unusual amount of what he had seen. He was keen on getting the work through, and on "getting it through right." The cost of the job was his business, too. I had talked alloys of steel for this, and percentages of carbon in steel for that, without arousing great enthusiasm in Mr. Yamashita, but when we came to a discussion of the workmen themselves it took little questioning or prompting to get him started.

"Undoubtedly the Chinese are better workmen than the Japanese. There can be no two opinions on that head." The young engineer spoke decisively and as if he knew what he was talking about.

"To begin with, the Chinese, man for man, is far stronger than the Japanese. He applies himself much better. When I pass through the works and a hammer-blown falls behind me I can tell without turning to look at the striker whether he is Chinese or Japanese. It is easy to tell from the sound of the blow. Besides, the Chinese keep at their work better. The Japanese talk too much. To be fair, the Japanese are not in the same class as the Chinese as workmen.

"If I were running these works with the sole idea of arranging my labour so as to provide the greatest economy I would have about four to five Chinese to one Japanese in the works. But, of course, this is a semi-Government concern. The policy from above might not concur with that idea. Moreover, we have brought our Japanese workmen over here and given them free homes and in a way implanted them in Manchuria, and we could not well and fairly replace them with Chinese and throw them out of work.

"What are our working hours in the shops? Ten hours a day, ordinarily. Never less. Time off for meals? Yes. One half an hour in the middle of the day."

I laughed as I thought of British or American workmen and their views on that head. A big, husky Northumbrian or Scottish railway shop-hand that would be put on ten hours' work with only one half-hour stop for meals would have a bit to say about it.

"Do we work any overtime? Frequently. Sometimes nowadays we even have to work quite a bit at night. With the same men? Yes. We have no others for night-shifts. They seem to stand it all right. There is no evidence that they particularly object to it. It means more money to them. Do we work only six days in the week? Well, we don't stop work every Sunday, if that is what you mean. We stop work for two days in each month. Except for those two rest-days the men work seven days each week."

This led to a discussion on technical works-subjects, involving the psychology of workmen in general and Japanese and Chinese workmen in particular. I stood at one end of the line of argument, possessing a firm

belief that I could get as much practical, efficient results of labour out of a skilled workman in a forty-five hour week as could be gotten out of him in fifty hours or more of work in any consecutive six days. Mr. Yamashita, at the other end, talked on that subject from the Oriental standpoint.

The sum total of what he said might be put bluntly as follows: "The Chinese worker keeps at his work all the time. He is very serious about it. Very rarely does one find anything in the nature of a slacker among the Chinese workmen. The Japanese are not so good as that, but close application to labour for continuous hours and days is by no means foreign to them. Nevertheless, the Chinese keep at the work in a different way, a far more efficient way. They waste no time in talk. They just plod on. It really seems as if they prefer working seven days each week to six. They are frugal and truly industrious in every sense, more so than the Japanese workmen. They want to make money, and they will work hard and work long hours for it. With their capacity for labour, their great individual strength and endurance, and the close application they give to their work, the Japanese workmen cannot compare and in one sense cannot compete with the Chinese.

"Our Japanese workmen are just beginning to think a little about labour rights," said Mr. Yamashita as I steered the conversation round to labour unions in Western countries. "We hear a word or two about it now and again, but," and he grinned broadly, "we shall not be bothered by anything like that in Japan, at least for some time. The Government keeps a very strict eye on that sort of thing, and has a very heavy hand ready for any such movement.

"Do the workmen seem to seek to improve their standard of living as they make money? The Japanese do so. The more they make the better things they want. It is not so with the Chinese. They want to work all the time. They care little or nothing for holidays. And they hoard the money they make.

"Chinese foremen? There are not any here." Mr. Yamashita gave me an expressive smile, as if there were other reasons for that than anything to do with ability

on the part of the Chinese. I had seen Chinese directing jobs in more than one department of the works as I passed through, but not as foremen, of course.

"Do the Japanese and Chinese workmen get along well together? Very well indeed. We all like the Chinese. It is very easy to get on with them.

"What do we pay our workmen? Well, the wages run from one yen (2s.) a day to, say, two yen and a half (5s.) at the top for a day's work. That is about the most money a really skilled mechanic can make in a day with overtime. He has to be a very good man to make that amount. We have very few men who earn less than one yen (2s.) a day."

The average mechanic in the Shahokou Works of the South Manchurian Railway is paid about two shillings and tenpence for his 9½ hours of work.

Thus a seven-day week of work brings the Shahokou men an average total revenue of just under twenty shillings.

When the price of living of the Japanese and Chinese working-man is taken into consideration, this sort of wage, in my opinion, is not exceedingly "bad pay."

"We have introduced a sort of bonus system," said Mr. Yamashita. "We do it in this way: while we do not pay on an actual basis of piece-work, each piece has a set time allowed for its manufacture or repair. If a job is timed for ten hours and a workman completes it in eight hours, he is given an additional time allowance of twenty per cent. of the eight hours, and is paid for that extra two hours just as though he had worked the full ten hours on the job."

I could not repress a smile to think of an employer who works his men ten hours each day with half an hour off for meals; gives them two days off each month; and pays them an average wage of less than three shillings per day, with a beneficent Government watching with a "very strict eye," and ready with a "very heavy hand" to squelch any labour organisation or defence by labour of itself or its right.

I then thought of that same employer setting the time for the manufacture or repair of a piece of work, so that a bonus could be paid to the workman if he completed

the job under the time set. I imagined the workman completing his task in less than the fixed time and getting his bonus, once. I imagined him getting it twice. If I stretched my imagination I could see him doing it often. But my imagination, elastic as it was, could not stretch far enough to see the Railway Company, through its heads of the Shahokou Works, leaving that set time for the piece of work where it rested when the workman continued daily to beat it. Those, I thought, are ideal conditions of labour, for the employer!

And now for the object-lesson. For I found I must look behind and underneath things in Manchuria if I was to learn anything save surface truths.

That fine-looking aggregation of Chinese workmen in the Shahokou Works told a story. They certainly made the Japanese workmen alongside them look a very inferior lot, as workmen. And so they were, as could be gathered from the Japanese engineer's own statements.

The truth is that the Japanese as a Japanese cannot hold a candle to the Chinese as a Chinese when it comes to the labour field. That is true of the workmen of the two races in every walk in life that leads along the path of daily toil.

It is particularly true of the farmer in Manchuria. No Japanese farmer is in the same class. No Japanese farmer can make a living alongside the Chinese farmer.

If the Chinese is so inherently and inevitably superior to the Japanese as a worker, does it not go far to explain why, after Japan had had a foothold in Manchuria for the eleven years that had passed since her acquisition from Russia of the South Manchurian Railway and the railway area, there were not more than 100,000 Japanese all told in Manchuria?

It took some trouble on my part to get that figure and make sure that it was right. One hundred thousand Japanese in all Manchuria, excluding soldiers, in eleven years, and Japan's surplus population worrying her, and her people increasing in numbers at the rate of more than half a million souls per year!

Whatever Japan can do in the Far East, no fears need be entertained that the Japanese can compete successfully with the Chinese in the market of human labour.

The big, outside Western capitalist who wants to do some good in the world (I am not sufficiently a cynic to believe there are no such men) should turn his eyes to the East.

In the Orient a great nation of workers lies ready to his hand, pliable and willing. If he put capital at the back of them, taught them to do his bidding as they can and will do it if they are shown how to do it, he would have done his bit toward the solution of a problem that has many sides and many tentacles, and not all of them steeped in rose-water or as pure and white as the down on the bosom of the Dove of Peace.

The Western capitalist could help China by giving some concrete assistance in the organisation of industries to give employment to the best and most efficient workers in the Far East.

And the bread he would cast upon the waters would come back, flaked with gold—but that is outside the present question.

CHAPTER XXV

COOLIE LABOUR AT THE DAIREN DOCKS

WHILE I was in Dairen I paid a visit to the docks.

There I met Captain Narasaki, to whom the South Manchurian Railway Company had entrusted the management of its wharves, docks and everything else pertaining to the harbour of Dairen.

Dairen has a fine harbour. It is the only harbour in all Manchuria that is free from ice in the winter; it is at the end of a railway that runs to Europe; and it is but a couple of days from Shanghai by steamer. The South Manchurian Railway Company were not slow to see that a steamship line from Dairen to Shanghai would connect the shortest and quickest route from Europe to the Far East with the great Eastern metropolis, and instituted a service in 1908. Three years later the company purchased a wharf at Shanghai, with an area of over 18 acres of land and over $2\frac{1}{2}$ acres of building area for warehouses.

Before Russia lost Dalny, which was Dairen in former days, she had begun making a fine harbour out of the port. The Japanese have well completed the work started by the Russians and added some frills of their own. The Russian dry-dock, which could only take vessels of 3,000 tons, now accommodates ships twice that tonnage. Reclamation work near-by has given Japan a serviceable coal depot. Fine breakwaters have been constructed. More than a thousand acres have been dredged so that deep-water ships can enter at will. Two splendid quays have been completed and a third is under way. Thirty-odd warehouses, 100-ton tanks for bean oil, and the latest improvements in buoys and signalling installations, are samples of the efforts that have been put forth to make Dairen harbour all that it should be, not only as regards wharves and the means of getting alongside them, but as regards wharfing facilities as well.

Captain Narasaki had been in charge of all this work for seven years, so much of the credit for the thoroughness of it must go to him.

I heard of Captain Narasaki before I met him. One business man in Dairen, an Englishman, said to me, "Captain Narasaki is a white man." Another said, "Narasaki is a good chap and a fine man with whom to deal." A third, the representative of the biggest foreign shipping concern maintaining an office in Dairen, said, "One thing I can say for Captain Narasaki is that I have never yet gone to him for anything that I have not been given it, and in as quick time as he could get it to me."

Captain Narasaki seemed to be held in rather exceptional regard in Dairen by the foreign community other than Japanese, when compared with some of his compatriots in Manchuria.

I had a long talk with Captain Narasaki. We discussed many things, including labour at the docks, and the increase in shipping that has come under his régime. We discussed the question of the Open Door in Manchuria, as particularly applied to alleged railway and shipping rebates to Japanese shippers and through bills of lading for Japanese goods which passed through the Captain's hands, destined for markets in inland Manchuria.

Captain Narasaki's desk was in the centre of a good-sized room, surrounded by a score or more of other desks, at which his assistants were hard at work within the sound of his voice. When I asked a question that involved figures in any way, the Captain invariably called to one of his subordinates to bring a table of official figures to his aid. He knew most of the figures well enough, but had a system that allowed him to put his finger on the plain corroboration of his memory, and did not disdain using it.

His manner, his speech, what he said and the way he said it, and the way he had things about his office at his very finger-ends bespoke the capable man of business.

I asked Captain Narasaki if he had many Chinese on his staff. "Many," he replied, "good men, too. I give employment to about 240 Chinese in one capacity and another about Dairen, not counting coolie labour." He

called to a bright-looking young Japanese to bring him a book. Glancing at it, he said, "Here in the docks my actual staff consists of 340 Japanese and 160 Chinese.

"The Chinese make excellent employees, as you no doubt know. These I have here are mostly from Shantung. I prefer them to the Japanese, speaking generally. They are very steady and keep quiet. I am afraid that cannot always be said of my own countrymen. They talk too much. No more dependable office hands could be desired than my Chinese.

"In the field of actual manual labour I depend almost entirely upon the Chinese. There they have no rivals. I do not keep many of them about during the summer. Some of the foremen are given permanent employment, but the bulk of the Chinese labour here is employed only in the winter time. Then the frozen ground allows the beans, the bean-cake and the bean-oil to be brought to the railway stations throughout Manchuria, and our docks begin to get busy in earnest.

"The four months from December to March see from 1,500 to 1,700 tons of soya beans and soya-bean products come down to us from the north every day. The examination of the beans, the unloading of the cars and steamers and the loading of them, the shifting from the go-downs and the weighing are all going on at once. It might surprise you to know that an average of 50,000 tons of merchandise is handled here every day right through the winter, counting the re-handling and transhipping and all the rest of it! My staff of Chinese coolies who move all this 50,000 tons daily numbers 10,000, so you see the handling capacity of each coolie is just about 5 tons per day. That proves his efficiency, does it not? No workman in the world can touch him at that sort of thing, and all without the least bother or trouble."

The Captain spoke with real enthusiasm.

Captain Narasaki would like to see the openest of Open Doors in Manchuria, if thereby his docks would receive and send away more and more tonnage of freight.

CHAPTER XXVI

THE OPEN DOOR FROM A JAPANESE STANDPOINT

"I AM sure there are no discriminating rebates given to Japanese shippers, secret rebates or otherwise, by the South Manchurian Railway," said Captain Narasaki.

I told him that it was a rare thing to meet an American or English business man in Manchuria, or one who had business interests in Manchuria, who was not honestly convinced that some system of secret rebates was in vogue whereby the Japanese shipper benefited. I told him, too, that I had searched in vain for the slightest evidence that such a system of rebates existed.

"If such a thing were in existence I would surely get to know something about it," Captain Narasaki said. "Japanese merchants ship through brokers in Japan, a system which gives the smallest man, sometimes, the benefit of rates for large quantities, but these rates for large quantities are published, and have nothing mysterious about them. Then, they are extended to anyone, no matter of what nationality.

"I cannot agree with the contention that the Open Door in Manchuria has not been kept open by the Japanese. I have kept it open here, so far as I have had anything to do with it. The Standard Oil Company is not hampered. German business before the war was not hampered. The best proof of that was the steady increase of German imports into Manchuria before war broke out. The Germans proved themselves smart men. They were paying great attention to Manchuria and were streets ahead of the other nationals here. The German consuls help their merchants, and the two work smartly together. No Japanese consuls pay the attention to the advance of Japanese business to the extent that the German consuls did. Further, the German business men know the Chinese and understand them better than any other foreigners in

Manchuria, Japanese not excepted. To my mind, if the merchants of other nations do not wake up, it will be the Germans who will be getting the trade of Manchuria after the war, if they are allowed to do so, not the Japanese. If there is no Open Door in Manchuria, how do the Germans get through?

"The business that comes to Dairen from Shanghai is on the increase, too. Let me give you the figures of the amount of merchandise in tons that comes to us from Shanghai and the comparative figures for former years. In 1911 the imports from Shanghai that passed through my hands totalled 44,437 tons; in 1912, 79,811 tons; in 1913, 79,960 tons; in 1914, 75,811; and in 1915 we reached 115,959 tons. Most of that represents Chinese goods. Some American goods may be in those figures, goods transhipped from Kobe or Shanghai. Very few steamers are running out here now, comparatively, except Japanese, on account of the war."

I asked the Captain how much of the freight from Shanghai was coming in 1916. More than in 1915 by a considerable figure, he told me. Then I asked him how much of the Shanghai freight was carried in Japanese bottoms, or in ships chartered by the Japanese. After some compilation of figures he showed me that 65,373 tons of the 75,811 shipped in 1914, and 88,748 tons of the 115,959 shipped in 1915 came to Dairen in the South Manchurian Railway Company's steamers. That meant that other steamers than Japanese brought 10,438 tons of freight from Shanghai to Dairen in 1914 and 27,211 tons in 1915.

I had hundreds of sets of figures showered upon me that afternoon. Briefly summarising some of them shows the growth of the business of Dairen and the extent of it up to the end of 1915.

In 1908 1,357 vessels brought a gross tonnage of merchandise of one sort or another to the Dairen wharves of 1,829,921. In 1914 the number of ships had increased to 2,200 and the tonnage of their cargoes to 3,838,078. The year 1915 saw this total drop by over three hundred thousand tons.

One table gave the actual number of tons of imports into Manchuria, through the port of Dairen, for the

previous eight years, from which I took the following figures :

Year.	Japan.	Korea.	China.	Europe, U.S.A. and elsewhere.	Total.
1908 ...	214,551 ...	15,584 ...	14,442 ...	92,350 ...	336,927
1915 ...	240,685 ...	20,943 ...	164,062 ...	111,535 ...	537,230

The exports from the port of Dairen rose from 440,839 tons in the year 1908 to 1,732,806 tons in 1915. To give an idea of what the soya bean means to Manchuria and the Manchurian farmer, not to forget the Japanese, who get the bulk of the profit out of the business, of that 1,732,806 tons of exports mentioned, there were 290,959 tons of beans, 77,893 tons of bean-oil, and no less than 657,646 tons of bean-cake, a total of 1,026,498 tons of merchandise that passed through the Dairen docks that can be charged to the credit of the soya bean.

"Now you have seen some figures to show you what we are doing here," said Captain Narasaki, "let me tell you what I personally would like to see. I would like to see more freight come to Dairen and more freight go away from Dairen. That is my political platform. I can tell you in plain English that there are plenty of others interested in the South Manchurian Railway who think just as I do. What we want to see is freight for the South Manchurian Railway. We do not care from what part of the world it comes or where it is going. We want it to be shipped over our lines. If there were a single thing that I could do personally to increase British or American imports coming to Dairen I would do it."

"Well, Captain," I replied, "I am prepared to admit that the ever-present talk about Japanese shippers getting a private rebate may be all talk and have no real foundation. I have looked quite sufficiently into the question of the Chinese Maritime Customs to have gained a very firm opinion that goods entering the port of Dairen for shipment up-country pay the five per cent. Chinese Customs duty no matter where they come from. There may be people who evade that duty, but it is not evaded as a rule, by Japanese or anyone else. I know enough about Manchuria by this time, too, to understand that no live foreign firm pays likin, or local interior tax, to the Chinese

authorities, for the good and sufficient reason that the Japanese will not pay it, and no sensible man will do so if they do not. I know that you have a reputation personally for supplying facilities when an English merchant wants to ship goods, and supplying such facilities, apparently, without discrimination as to nationality. All along those lines I cannot point to a fact that would go to prove that the Open Door of equal opportunity in Manchuria has been closed by Japan. So far well and good. But what about the arrangement whereby certain Japanese steamship lines can ship goods from Japan to Manchuria, here to Dairen, and have them sent, by the South Manchurian Railway, straight through to their destination in interior Manchuria on through bills of lading that give the Japanese shipper a decided and undeniable advantage over his European competitor?"

"I do not run the policy of the South Manchurian Company," answered Captain Narasaki, "and, of course, I can only go so far when discussing some phases of it. I know that the N.Y.K. and the O.S.K. steamship lines have such an arrangement with us, of course. That arrangement may or may not be permanent. I have nothing to do with that. But if it becomes permanent I hope to get the arrangement extended to some outside foreign firms. For instance, Butterfield and Swire is one firm to which I hope it will be extended. To show you how I intend to deal with the matter if this through bill of lading business becomes a permanent institution, as it may do, I have already formed a department which I am getting into such shape that we can go to the merchant in San Francisco and say to him that the railway will undertake to load his goods for Manchuria in San Francisco, land them at Dairen, pay all duty, ship the goods to Harbin, say, and land them there at the door of the consignee, if available, with all charges, insurance and everything else, paid by us. That is my plan. Goods from Harbin or anywhere else in Manchuria can be shipped to San Francisco or anywhere else in the world, by the same department, when I get it into working order.

"Open Door in Manchuria? There is Open Door enough for the big, live firm that will push aside close competition and shove through. It takes push, for the

Japanese have many natural advantages, geographical and otherwise. Japan has cheap labour and subsidised shipping to help the Japanese business man, who is satisfied with less profit in many instances than his foreign competitor. But if the foreigner is big enough and will spend enough money and effort, effort in the right direction, he can get through the Open Door in Manchuria. Anyway, I know of foreign firms that are getting through, and bid fair to continue to do so."

One thing I can justly say of Captain Narasaki. He held opinions. He looked at the Open Door question from a point of view that was not very universal among the Japanese residents of Manchuria, but his opinion did not decrease in value on that account, for no man in all Manchuria had a better right to an opinion on the subject.

And more, I heard opinions from men in Manchuria, who thought they were far wiser, who were far wider from the mark.

CHAPTER XXVII

CONCERNING TREATY OBLIGATIONS

WHEN I was in Manchuria, I spent some time after big game. I spent many days stalking the Open Door, that most interesting of prizes, if one could really run it to earth.

What a feather in my cap it would be, thought I, if I could corner it and obtain such irrefutable evidence of its existence that I could put to naught all rumours that it was a myth, or that it had become extinct. For that is the view persistently held by a very large section of the usually rather hard-headed and by no means imaginative British and American business men of the Far East.

Japan's capture of the railways of Manchuria as part of her spoils of the Russo-Japanese War, the establishment and development of the South Manchurian Railway, the method of its administration of the railway area in Manchuria, the combination of land and water transport under the subsidisation by the Japanese Government that primarily assisted the Japanese manufacturer and merchant, the low price of labour in Japan, its proximity to Manchuria, and all kindred questions were, I found, of little interest to the Occidental business man in the Orient, compared with the all-absorbing topic, the Open Door.

For Manchuria is not Japan. Neither is Manchuria a Japanese colony. That was the contention of the Anglo-Saxon business man in the East. British and Americans might be antagonistic on some counts, and were so, but they met on common ground in arguing that Manchuria is still a part of China, and that Japan, whether she would or no, was in 1916 just as much a subscriber to the Open Door declaration as she was in 1899, when she, in common with the other Powers, accepted it.

That I might know what I was talking about, I first studied just what is meant, in plain English, by the Open

Door. In all treaties between China and Foreign Powers there is what is called the Most Favoured Nation Clause. That is the foundation of the Open Door, and it reads as follows :

“It is expressly stipulated that the Government and its subjects will be allowed free and equal participation in all privileges, immunities and advantages that may have been, or may be hereafter, granted by His Majesty the Emperor of China to the Government or subjects of any other nation.”

The actual Open Door declaration came in 1899. In a letter written by Mr. John Hay, then American Secretary of State, in which the whole Open Door policy that was afterwards accepted was set forth, and to which Japan subscribed, the following clause appeared :

“That each Power, within its respective sphere of whatever influence, will levy no higher harbour dues on vessels of another nationality frequenting any port in such ‘sphere’ than shall be levied on vessels of its own nationality, and no higher railroad charges over lines built, controlled, or operated within its ‘sphere’ on merchandise belonging to citizens or subjects of other nationalities transported through such ‘sphere’ than shall be levied on similar merchandise belonging to its own nationals transported over equal distances.”

In the agreement signed by Russia and Japan in 1907, Japan declared that she would

“Agree to recognise the independence and territorial integrity of the Chinese Empire, and the principle of equal opportunity for the commerce and industry of all nations in the said Empire, and engage to uphold and defend the maintenance of the status quo and the respect of that principle by all the peaceful means possible to her.”

No verbosity there. I did not need to be a diplomat to understand that.

When on July 13, 1911, Japan signed the Anglo-Japanese Alliance, renewed in that year, she pledged her-

self again in the plainest sort of English to "the preservation of the common interests of all the Powers in China by insuring the independence and integrity of the Chinese Empire and the principle of equal opportunities for the commerce and industry of all nations in China."

To pile up the evidence sufficiently high so that I was not likely to lose sight of it I found, finally, that Japan, on November 30, 1908, when she signed an agreement with the United States of America, declared that the policy of her Government in regard to the Pacific Ocean "uninfluenced by any aggressive tendencies, is directed to the maintenance of the existing status quo and to the defence of the principle of equal opportunity for commerce and industry in China." More, in that treaty, Japan declared she was "determined to preserve the common interests of the Powers in China, by supporting by all pacific means at her disposal the independence and integrity of China and the principle of equal opportunity for commerce and industry of all nations in that Empire."

I read that phrase over and over again, for a reason. I wanted to understand clearly, before I went on an Open Door hunt in Manchuria, that it was by no slip of the pen that Japan tied herself to the Open Door policy. She did it deliberately, only a very few years ago.

I brought the record up to date when I learned that on August 24, 1914, Marquis Okuma sent this message to the American people through the medium of the *Independent*:

"As Premier of Japan, I have stated and I now again state to the people of America, and of the world, that Japan has no ulterior motive, no desire to secure more territory, no thought of depriving China or other peoples of anything which they now possess."

So I started on my quest for the Open Door in Manchuria with the full knowledge that it really is some of the business of all nations to watch what is transpiring there.

I found two phases of the development of Japan's interests in Southern Manchuria and Eastern Mongolia. One was the business phase. The other had to do with what some very well-informed folk term the gradual usurpation of China's sovereignty in Manchuria.

I obtained sidelights on both subjects in Manchuria. I

heard the opinions of the men in that part of the world who know the most about those subjects.

I was told some things by Dr. Kunisawa, the Vice-President of the South Manchurian Railway, and other railway officials; other things by a man whom I will designate The Englishman; still other things by someone to whom I will refer as The American. All Englishmen and Americans in Manchuria have to live and do business there, so I will mention no names. Mr. Ma Ting Liang, Special Commissioner for Foreign Affairs for the Chinese Government at Mukden, spoke very frankly to me. I had asked General Tuan Chi Jui, when talking to him in Peking, whom he could suggest that I should see and talk to in Manchuria in order to obtain the Chinese point of view, on the spot and at first hand, of the way things were going in that part of the world. General Tuan suggested Mr. Ma Ting Liang, and saw that I was given a card of introduction to him.

What I was told will show, as I saw it, how Japan is living up to her treaty agreements in China, so far as Manchuria is concerned.

CHAPTER XXVIII

ON TEMPORARY DISCRIMINATION

DR. S. KUNISAWA has had much to do with the South Manchurian Railway since the birth of that institution.

In 1906, before the Field Railway Department of the Japanese Army had transferred the railway to the newly-formed company, the first board of directors was appointed by the Japanese Government. Dr. Kunisawa was a member of that original board. The Japanese Government was owner of half the shares of the company. The authorised capital of the company was 200,000,000 yen. Consequently, of this sum the Japanese Government owned 100,000,000 yen worth of shares, on the basis that 100,000,000 yen represented the total appraised value of the railways, the property in the railway area, and the coal mines of Fushun and Yentai, as handed over to the company by the Japanese Army in 1907.

It was understood when the company was formed that the other 100,000,000 yen worth of shares might be subscribed by the Chinese Government and Japanese and Chinese subjects only. It is stated officially that when the company was established Japan asked China if it had the intention of subscribing any shares, and obtained a reply in the negative. China invest? Not likely! China is a borrower, not an investor. Although the shareholders are guaranteed an annual dividend of 6 per cent., and one year were paid 8 per cent., no Chinese shareholder existed in 1916.

In 1908 the President of the South Manchurian Railway was made Minister of Communications of Japan, the former vice-president was made president, and Dr. Kunisawa, who was senior director, was made vice-president in turn. He held that position for eight years and subsequently became the president of the road.

I went to Manchuria armed with many letters of intro-

duction. Among them was a letter from Japan's veteran banker, Baron Shibusawa, to the then President of the South Manchurian Railway, Baron Nakamura, who was absent in Tokyo, conferring with Count Terauchi, when I reached Dairen. Consequently I fell into the kindly hands of Dr. Kunisawa.

The doctor is clean shaven. His face bears the stamp of capability but is likely to become set in a sort of Oriental impassiveness that might be described as woodenness. He spoke English rather haltingly, but understood it well. He greeted me cordially, but was evidently unused to have straight-from-the-shoulder questions as to the policy of the railway fired point-blank at him, and was naturally imbued with the idea that he had best be very careful what he said in reply. He was not secretive or unwilling to discuss the questions I put, however, and was most obliging in placing a good share of a busy morning at my disposal.

The S.M.R. Company maintains a newspaper in Dairen. It is the only paper printed in English in Manchuria. This sheet bears the title, *The Manchuria Daily News*. The issue of it which appeared the evening prior to my call on Dr. Kunisawa had devoted a couple of columns to the railway fight that was taking place at the time in Tokyo. Count Terauchi was being bombarded by two railway parties. On one hand was the director of the Transportation Department of the Japanese Imperial Railways, Mr. Kinoshita. Allied to him was Dr. Ohya, director of the Chosen (Korea) Railway, which is a Japanese governmental concern. Fighting them fiercely was Baron Nakamura of the South Manchurian Railway.

The row in Tokyo was about freight rates. I had come to Manchuria to look into the Open Door question, and a dozen people of good business standing had sworn to me that they knew that the Japanese business man was specially favoured by secret rates and rebates in such manner as to make it practically impossible for the European firm to compete with the Japanese firm in Manchuria. I heard this on every side, but all admitted that to get concrete evidence of such things was, or had proved to be thus far, impossible.

If the Chosen Railway, owned by the Japanese Govern-

ment, and the South Manchurian Railway, half-owned by the Government but also half-owned by private capital, fell out over questions wherein they were competitors for the handling of freight from Japan, bound for interior Manchuria and beyond, thought I, the details of the row should tell one something generally of the freight situation.

Therefore, before I called on Dr. Kunisawa, I "read up" on the subject in the files of the South Manchurian Railway's paper. If I found nothing of direct interest, I was sure to find some matter that would suggest interesting questions which I could put to the doctor.

I found that a cursory knowledge of English on the part of the editor made my researches more entertaining than instructive. So I conceived the idea of asking Dr. Kunisawa to explain in detail the somewhat hectic and rambling statements of his official news organ.

I am afraid that Dr. Kunisawa did not like the job, for it was a job, and a big one. He laboured manfully with it, however, and laid the following foundation. The South Manchurian Railway had spent a large amount of money on the harbour, docks, and town of Dairen. It had seemed the natural avenue for goods which were to be shipped from Japan to such places, say, as Mukden, which is in central Manchuria, well away from the coast. At first Dairen's only rival was Newchwang, or Yingkou, as the Japanese have renamed it. That rival was easy to handle. Goods from that port had to be shipped over the South Manchurian Railway's branch line. Then came the construction of the new line from Mukden to Antung, a town on the eastern border of Manchuria, which was the terminus of the Chosen Railway and had a port of its own.

The distance from Dairen to Mukden is just under 250 miles, from Antung to Mukden 170 miles, and from Yingkou or Newchwang to Mukden 111 miles. To make sure that Dairen would get its fair share of the freight traffic from Japan to Mukden, the South Manchurian Railway, with the help of General Baron Fukushima, then Governor-General of Kuantung (Japan's leased territory in Manchuria, in which district Dairen lies), managed in the spring of 1914 to pull off an arrangement whereby the freight rates per ton over the South Manchurian Railway's lines would be the same from Dairen to Mukden,

Antung to Mukden, and Yingkou to Mukden. This meant that freight paid an agreed rate per ton without mileage being taken into account. It obviously and frankly protected Dairen as a port from the competition of Antung or Yingkou.

This arrangement was made for a period of one year. When that year was up the arrangement was extended for another year, on the argument that the European War was on, and that therefrom new conditions had arisen in Kiaochou. The further renewal, for a third year, of this agreement was the moot point under discussion at the Tokyo conference.

So far, so good. If the South Manchurian Railway charged the same rates to the Japanese and to the American and to the Englishman who wanted to ship goods from Dairen, Antung, or Yingkou to Mukden, the question of whether shippers were charged by mileage or by special rate was not so important.

The Chosen Railway, backed by the Japanese Government railways, fought this set rate agreement. The Chosen Railway wanted more goods shipped from Japan over its lines and then on via Antung to Mukden. That was the bone of contention in Tokyo.

This effort to abolish the set rate scheme the *Manchuria Daily News* called "a deep conspiracy against the Dairen centralisation policy." The editor was not complimentary to the Chosen crowd. "We know," he wrote, "what sort of worthies we are dealing with. Our past experiences warn us that they will be capable of anything."

The editor, deeply concerned in the political fight and fearing that defeat at Tokyo might result in wholesale resignations which would only play into the hands of the enemy, said, "The South Manchurian Railway Company, charged with the glorious mission to be the central lever of the activities in Manchuria and Mongolia," should not be converted into a political prize. "The nucleus of the company's capital is neither gold nor silver," he continued, "but the ruddy flood of the slain and maimed heroes." He spoke of "the company's glorious mission, the brave dead and maimed who paid the price of the company in their blood," and more along the same line.

And among all this was the following: "The Imperial

Government railways proposed, in return for the withdrawal of the mileage proportion proposition, to get both the 15 per cent. reduced rates on the local specific goods and the 30 per cent. reduction on the through specific goods on the Dairen route discontinued. Needless to add, such a preposterous proposition met an adamantine front on the part of both Baron Nakamura and the civil governor of Kuantung."

That took some explaining. What were these reductions? To whom were they given?

I said to Dr. Kunisawa, "I have come to Manchuria to look through the Open Door. Many foreign business men in the East tell me that it is closed in Manchuria and that Japan has closed it. They tell me, too, that rebates and special privileges are given by your railway to Japanese shippers."

"Not a word of that is true," was the decided answer. "The South Manchurian Railway gives no rebates and shows no discrimination."

But Dr. Kunisawa thought his English insufficient to explain that special percentage proposition. He called in another Japanese gentleman, who spoke more English. I did not know the gentleman was the editor of the *Daily News*. Had I known I would not have told him that I could not make head or tail of his article on the subject under discussion. He was touchy regarding the intelligibility of his leading articles.

"It would take three or four days to explain this matter of special rates," he said, dismissing the whole thing with a wave of his hand.

"Not to me," I replied flatly. "Not if someone who spoke English tried to make me understand."

There and then I put some straight questions. The net result of the replies was the admission that the annual agreement concerning through freight rates gave a direct and undeniable advantage in freight charges (a) to Japanese who shipped goods from Japan by the Nippon Yusen Kaisha or Osaka Shosen Kaisha, Japan's two largest steamship lines, and (b) to Japanese manufacturers of or dealers in the following goods: cotton piece goods, cotton yarn, cotton hosiery and shirts, caps and hats, china and porcelain of the coarser type, lamps for burning paraffin,

beer, dried seaweed (for food), salt and dried fish, rice, and certain fruits, including oranges, apples, peaches, and grapes.

After that admission we had an argument. We did not agree. I claimed that Japan, through the South Manchurian Railway, was practising rank discrimination in favour of Japanese shippers, and that such action was in direct contravention of treaty agreements. I am afraid that the editor and I would disagree on more than one subject.

"I have repeatedly told you," he said, "that the rebates are a temporary arrangement."

"Discrimination that is temporary is no less discrimination," was my reply. "Call it temporary discrimination, if you like."

Neither of us cared for a riper acquaintance.

The *Manchuria Daily News* the following day was just as characteristically Japanese as it was possible for it to be, in English. As the editor well knew that I held very strong opinions against his views and those of his company and Government, he blandly stated in his paper that I had appeared to be satisfied when informed that the discrimination in favour of the Japanese was but the fruit of a temporary measure, subject to annual renewal, and at the time under discussion in Tokyo.

Curiously, immediately following the article declaring that my satisfaction was due to the fact that the whole scheme might be knocked into a cocked hat in Tokyo, was a paragraph under the heading, "Happy Solution Reached," stating that the Tokyo conference had ended by the mileage proportion proposition being withdrawn, that the existing through "specific" freights (allowing special freight rates to the shippers of the eleven groups of articles given in the list I quoted above) were to be retained "for the time being," and finally that "in addition, a special tariff, amounting to about 30 per cent. reduction, is to be established over the Mukden-Antung line for twenty-one articles, including hardware exported from Japan, and bone dust, hides and skins, and cereals, (including beans and bean-cake), for import to certain specified districts in Japan."

The quarrel as to whether certain shippers should be

given certain privileges over the South Manchurian Railway was settled by an agreement to let such privileges remain, while certain other privileges were given to certain other shippers over the Chosen Railway.

Three other paragraphs from the *Manchuria Daily News* of those days interested me more than a little.

This was the first :—"Neither the Imperial Railways nor the Chosen Railway has seemed to have ever thought of the via Yingkou route, in which foreign merchants are interested most, who will certainly not stand by and look on idly if the same mileage proportion principle should not apply also to the Yingkou section, the same as the Dairen-Mukden section."

Equal opportunity was what Japan solemnly promised.

This is number two :—"What if some American or British or some other foreign shipping firm should apply for a similar privilege to what is now enjoyed by the Nippon Yusen Kaisha and the Osaka Shosen Kaisha?" I might mention in passing that I told Dr. Kunisawa, in the editor's presence, that I thought the foreign shipping houses were mad to let Japan so favour its own steamship lines without strenuous protests, backed by their governments. Dr. Kunisawa nodded his head thoughtfully, but made no comment in reply.

Third and last this effusion :—"There is no use mincing matters when we are acting in South Manchuria before the eyes of the world, who must be closely watching if Japan stands true to her declaration of the 'open door and equal opportunity.' The question must needs be faced squarely, unless it should please the Terauchi Ministry to act against Japan's declaration above mentioned."

I was glad that I had carefully studied all Japan's pledges to the Powers.

Has Japan kept her pledges?

I am afraid that the most charitable of us would be compelled to answer, "Well, not exactly."

CHAPTER XXIX

THE TRUTH ABOUT THE GERMAN IN MANCHURIA

"So many people have spoken of you as the premier authority on affairs Manchurian," I said to The Englishman, "that I want to ask you a host of questions."

"Fire away," was the genial reply, "and I will gladly enlighten you on any points on which I happen to have any knowledge or experience."

He stretched out his long thin frame as if settling himself for a siege of interrogation, set his finely chiselled lips firmly over his pipe and fixed his keen grey eyes on me quizzically.

"I warn you," he said, "many of my friends call me pro-Japanese at times, because I try to be fair and impartial. I have known the Japanese for many, many years, and have not a few friends among them. I am perfectly candid with them, though, and I will be equally candid about them to you. You say that you want my opinion of what the Japanese are doing in Manchuria, with particular reference to keeping the Open Door."

"Yes," I said, "I want you to tell me something of your experiences of doing business in Manchuria under the Japanese regime. I remember you here in the old days when the Russians were in Manchuria. You were very critical in those days of the way the Russians looked upon Manchuria and the way they treated the Chinese. You were the only man I met up here who prophesied exactly what the years would bring, so far as I can see from an external viewpoint. Now I would like to get a bit under the skin of surface things. What is the real Japanese attitude toward what we consider the Open Door?"

"First of all," replied The Englishman, "remember this. The Japanese idea of the Open Door is different from yours and mine. You will not run across one Japanese in a thousand who looks at the subject as we

do. Many Japanese think that so long as Japan does not actually shut out foreign goods from Manchuria the door is open.

"It is just that fundamental difference in point of view that makes the subject a difficult one to discuss with the Japanese. The South Manchurian Railway, whose policy in Manchuria may be taken to be the Japanese policy in Manchuria on most counts, always plays the game with me personally. Some other Japanese business men do so. But after all these years I am bound to admit I do not place much dependence on the Japanese word. I cannot do so."

"One of your colleagues, who directs one of the biggest businesses in the East," I commented, "told me last night that he would not think of trusting a Japanese business man. He gave me instance after instance of having done so to his cost."

"So can I," said The Englishman. "I know an English business man here in Manchuria who has had a typical instance of that only this week. He arranged a deal between a Japanese firm and London. Goods were sold to London on an express agreement, the factors of amount of goods to be shipped, price, and the date of delivery being of equal importance. He engaged that the Japanese firm should get shipping space, which it did. Insurance was arranged, the money was sent out from London, and all was in order. When the ship arrived at Dairen the Japanese firm found it more profitable to dispose of the space it had reserved than to ship the goods. It therefore cold-bloodedly disposed of the space, breaking its agreement without the flicker of an eyelash. A promise on the part of 99 per cent. of the Japanese business houses is only a promise so long as it suits them to keep it."

"The Japanese firms display a remarkable lack of business methods. I was in a certain bank not long ago, when a conversation took place in front of me that was amazing. A Japanese firm had left securities for 1,000,000 yen in gold without taking a sign of a receipt. The firm had subsequently drawn against it by notes, which the bank manager was insisting that the drawers should see cancelled. He had almost to force attention of the matter upon them. That people with no idea or conception of

commercial honesty as we look upon it should be so confident of the integrity of others is odd, but it is solely due to inefficiency. No man who has dealt long with Japanese concerns fails to remark upon the continual inaccuracies in business dealings that are habitual with the Japanese.

"The Japanese habit of filching foreign trade-marks and imitating foreign goods down to the very labels and names of foreign makers is so universal that we have almost ceased to remark about it. Lead pencils that are found to have lead in the ends of the pencil and paper in the middle, cases on cases of goods with a top layer of articles to sample and a bottom layer of another quality are so common as to surprise no one."

I interrupted The Englishman to tell him a choice bit along that line that had come to my notice in China. A young American from far Shansi told it to me. The Standard Oil Company sells lamps in Shansi. The lamps are not sold so much for profit as to introduce the use of oils to the Chinese. The Standard Company sees that the lamps are good ones and sells them at a low price. The Japanese sell lamps as well. That would seem to play into the hands of the Standard, for the more lamps sold, the more oil burned. But the Japanese lamps are cheaply made and badly constructed. The air space is insufficient, causing bad combination and now and then an explosion. The Japanese lamps are made to imitate the Standard lamps in appearance. When I asked the young American how he could tell the imitation from the real, he said: "Oh, that is simple. I merely turn the lamp bottom up. The Japanese makers stamp plainly on the bottom piece of the lamp the words, 'Made by the Standard Oil Company of America.' As the Standard Oil Company never puts its name on lamps, that shows at once which is the Japanese article."

"Now that I have told you my opinion of the Japanese business man in the abstract," The Englishman went on, "I want to say frankly that I think that a lot of what the foreign business man says about the action of the South Manchurian Railway is incorrect. Everyone out here will tell you of secret rebates. I do not think that they exist. Through shipping rates from Japan by the Nippon Yusen

Kaisha and Osaka Shosen Kaisha lines, through Dalny, or Dairen as we call it now, and into interior Manchuria by the South Manchurian Railway do exist and do favour the Japanese shipper. Some Japanese argue that these rates are all public property and that they are legitimate. They are not legitimate.

"But Japan is too clever, in my idea, to institute any secret system of rebates. Competition in Japan is too keen, and there is too much commercial jealousy among the Japanese. Many people remark about the patriotism of the Japanese merchant. He is patriotic because it pays him to be. His Government believes in subsidising him in every way. It is most paternal toward him. But let it hurt him instead of help him, let it foster his Japanese competitor to his damage, and hear the howl that goes up. A secret rebate system would cause more trouble to Japan than it would be worth. Besides, there are fewer secrets in Japan than you would think. It keeps its secrets badly.

"There is an Open Door in Manchuria for the man whose firm is big enough to buck the Japanese firms and the Japanese Government as well. That is the way to look at it. I, for one, think that the situation is by no means hopeless. We Englishmen want our Government behind us to see that we get fair play. Further, we want the British manufacturer behind us.

"What is going to happen in Manchuria after the war is over? A mighty commercial war. Do you realise that we Englishmen have a bigger problem in front of us to beat the German in Manchuria than the problem of beating the Japanese?

"Along certain lines, Japanese competition cannot be beaten. Conditions that have no connection with the Open Door account for that fact. Along other lines the Japanese should have no chance against us, if we play our cards properly. The universally bad business methods and practices of the Japanese, and the fact that a Western organisation is almost universally inherently better than Japanese organisation, is a great help to us. The Japanese mind, the Japanese brain, has not developed to the extent that people imagine. There are very few clever Japanese business men, comparatively. There are extraordinarily few clever thinkers among the Japanese commercial

element. Man for man, they are no match for the Westerner.

"But the German was the man who, before the war, was making the greatest headway in Manchuria. We Englishmen want the trade in Manchuria that Germany wanted, that Germany wants still. How are we to get it? As regards goods imported from England, by a different attitude on the part of the British manufacturer and the British Government. That is the first step. What English firm in Manchuria has not sent home samples of German goods, only to have a set of excuses fired back at him instead of merchandise? 'The class of goods is below our standard.' 'We are busy with our regular lines.' 'The required goods seem to us to be a very uncertain novelty.' That is what we get, instead of goods to sell. What is the result? The English business man had to take the goods from Germany or see the orders go to his German competitor in Manchuria. One in business in Manchuria must sell what his buyer wants, you know.

"When the British manufacturer wakes up to the necessity of turning out goods of the same appearance, quality and price as the goods of his German competitors: when he realises that time is the essence of most of the contracts out here, when he knows that Germany has heretofore had better facilities for getting goods here promptly and that such conditions must not again obtain if we are to win the trade war out here: when cash payments in London against documents in London through a commission house that expects a 2 per cent. to 3 per cent., commission, if not more, gives way to a custom of drawing under an ordinary letter of credit: when British banks cease to finance German trade in Manchuria: when, in short, we British folk at home and abroad wake up to actual conditions and pull hard together to win, we will win, not only against the Japanese in Manchuria, but against the far cleverer commercial enemy, the German.

"As to exports from Manchuria, if the British firms do not trade with Germany after the war, most of their business will be wiped out. Firms that deal in seeds send most of their shipments to Germany. Many houses out here would almost have to go out of business if the German market were closed to them. For that matter, if the

British houses refuse to handle certain imported German goods it does not mean they will not sell here. The Japanese are keen to get them, and in one or two lines, just as with certain lines of Japanese goods, the Germans cannot be beaten.

"That only refers to the exceptions, however. In a broad sense let the British manufacturer and the British Government see that we have a sound, sensible class of business attention and a fair show, let them see that we have attention paid, too, to our reports as to the trend of things out here, and we will look out for the Open Door. It may be open only a little way. Japanese may be the only ones intended to squeeze through. But just let us put our broad shoulders to it. Let us push together. We can push it open far enough, never fear.

"Some say that the door is open, but a Japanese sentry is standing just inside, with a rifle in his hands. I, for one, do not care if there is a whole regiment of Japanese sentries just inside, with rifles loaded and bayonets fixed, if I have the British Government back of me. I am not planning anything that should get me into conflict with any Japanese sentries. If I go about my business properly they will not bother me with impunity, always with the proviso that I have my Government behind me.

"Open Door? Great Scott! It is open enough for a man who is hard to keep out of a place into which he has a perfect right to enter. If we are all going to lie down, we may find it closing. The way to keep it open is to see that our right of way is exercised sufficiently often so that the weeds are not allowed to come up and choke it."

I ordered a drink.

I had heard the truth. I had been sufficiently long in Manchuria, had seen enough, had heard enough, to know that.

CHAPTER XXX

THE MAN TO WHOM THE DOOR IS CLOSED

THE American was a taciturn sort of chap. He knew a lot about Manchuria. He should have done. He had been there long enough. He said at first that he did not see much use in talking about conditions in Manchuria.

Perhaps that was because there were so few of him in Manchuria. In Dairen, for instance, there were only two Americans—the American Consul and the Secretary of the Young Men's Christian Association. In Mukden the Americans were mostly young men, very young men, who were with the British American Tobacco Company. There was a very astute American Consul-General in Mukden, but he, too, was comparatively a new-comer.

The American was a real old-timer. When he said a thing he said it dogmatically. He was not given to expressing opinions, he merely stated facts. Years had passed since I had seen him and he had not changed in their passing.

"Yes," he said. "I guess I am a sort of fixture out here. I have been here a long time. Much has happened since I came to the East."

First he talked of an interesting fight between the Japanese and Chinese troops in the war of 1894, of which he had been a spectator. It took place not far from Newchwang. The Chinese formed in a solid front, without the slightest thought of what might happen to their flanks. The Japanese divided into two lots and attacked from each side, an unheard of manœuvre to the Chinese, who had confidently awaited the frontal attack, the only strategy they knew. The details of the result were somewhat gruesome.

The American then shifted the ground to Formosa and was most informative of what happened there in 1905. His description of the valiant revolutionary leader, who

had threatened to sweep the Japanese into the sea, only to ship as a stoker on a small coasting steamer and make good his escape to China, none aboard being aware of his identity, before the Japanese forces had come within gunshot, was most entertaining. For a man customarily taciturn he was decidedly voluble concerning past history. I decided to pull him up and get him closer to the times we live in.

"Have you ever run across any proof that the South Manchurian Railway gives secret rebates to Japanese shippers?" I asked.

"No," The American answered shortly.

"Have you ever looked for such proof?"

"Yes, for ten years."

"Do you think any such rebates are given?"

"Of what use is an opinion without proof upon which to rest it?" was the reply.

"Do you think Japan is usurping Chinese sovereignty in Manchuria?" I asked.

"China must ask Japanese permission before she could build a railway or allow it to be built in Manchuria, before she could effect a loan for administrative purposes, before she could grant permission to anyone to work a mine in Manchuria, put down a factory in Manchuria or lease a piece of land in Manchuria. How much sovereignty has a country in territory where she has no freedom of action in such matters?"

Not much, I agreed. That was clear.

"America had an agricultural farm scheme in Manchuria. American agricultural experts from the States reported favourably and did a lot of ground work. Japan blocked the project. Japan did not take any overt or public action, but she put pressure on the Chinese and the thing had to be dropped. Ask old Chang Tso Lin, the Chinese Governor of Manchuria, for the lease of a few thousand mow of land on which to start a sugar-beet industry. A Japanese syndicate has raised 10,000,000 yen to start growing the sugar beet near Mukden this year. Chang will tell you that the Japanese would never allow an American firm to do that, if he takes it into his head to be honest with you."

"What sort of a chap is Chang Tso Lin?" I asked.

"The sort of a Governor that can neither read nor write and does not care a hang for the Central Government in Peking. He has some 10,000 soldiers that have the sort of loyalty toward him that all Chinese soldiers have toward the man who pays them. About 80 per cent. of the revenue Chang collects goes to keep up his little army. While the Japanese will not pay likin taxes, and the British are, in view of that fact, also refusing to pay likin, Chang squeezes the Manchurians, right enough."

"Are the Japanese satisfied with the way things are going in Manchuria?"

"Ask them," was the reply. "I do not know. After ten years of Japanese effort to get their people to settle in Manchuria there are not more than 100,000 of them here."

"How many soldiers does Japan keep here?"

"Two divisions and a mixed brigade."

"They are not allowed, by treaty, to be placed outside the railway area, are they?"

"Go along the railway line. The boundary of the railway area is in sight most of the way. See how many of the 40,000 troops you can find. You would have to go to Eastern Mongolia to see some of them."

"Have the Japanese benefited Manchuria in any way?"

"In many ways. The Russians may have brought money to Manchuria. The Japanese have brought business here. Take the Fushun Mine. The Russians never worked it in earnest. It is a coal mine worth seeing. I have been there recently. There is a coal mine ten miles long and a mile wide, with a seam of excellent coal 150 feet deep. The Japanese are taking out 7,500 tons of coal a day. It costs them 80 cents per ton (40 cents in American money) at the pit mouth. They sell it for eight to nine dollars a ton right here in Manchuria, and it is mighty good coal. General Leggett, the Commander-in-Chief in the Philippine Islands, was here a few days ago, and the Japanese tell me he gave them a big contract for Fushun coal for the United States Navy. I doubt if the Russians would have ever done so well with the Fushun Mine, and the Chinese could never have made a showing with it themselves! No Chinese control could develop such an enterprise."

"Then there is the soya bean. What did the soya bean amount to before the Japanese came? Nothing. Now there is an annual business in Manchuria in the soya bean and its products, such as bean-cake and bean-oil, of 27,000,000 dollars gold, nearly £6,000,000 sterling. The Japanese control the business and get the biggest part of the swag, but the Manchurian farmer benefits. The Manchurian farmer has to raise the beans. He can more than hold his own as a farmer against the Japanese farmer, who cannot touch him."

"How about the other Manchurians beside the farmers? Do any other classes of the people win out against the Japanese?"

"Yes. I have watched that with interest. Japanese small traders do not flourish here. A Japanese barber complained to me that his fellow-Japanese went to the Manchurian barber because it was cheaper for them to do so. I asked him where he bought his meat and vegetables. 'From the Manchurian butcher and greengrocer,' he said. He could not afford to trade at the Japanese shops. He was too poor. I guess the Manchurian small trader is still on earth."

"So you think the Japanese are far from being a curse to Manchuria?"

"Judge for yourself. Inspect the Japanese hospitals for the Manchurians. See their schools for the Manchurians. Look into the way they have perfected communication in Manchuria. The railroad is not a curse, is it? The mines of Manchuria give employment to many Manchurians and incidentally employ a fine collection of American and German machinery. Every railroad bridge is American. The Japanese are not reaping all the benefit of their opening up of Manchuria. I do not consider that the Manchurian farmer would be better off under a purely Chinese regime. Far from it. The Japanese are not so aggressive as the Russians were when they had a free hand here. Some Japanese treat the Manchurians badly, but the Manchurians were handled without gloves by the Russians, as you know. Further, no one could be more brutal than the Chinese to the Manchurians when they chose."

"What about the Open Door in Manchuria?"

"It depends upon what wants to come in," answered The

American. "The door is wide enough open for goods that do not compete too directly with Japanese goods. It is open, too, for the big pusher. The Standard Oil Company gets through it. If big American manufacturers and exporters would combine with big railroad and shipping companies in the way Japanese firms of that sort combine, no closed door that the Japanese could put in the way would stop American business in Manchuria, unless Americans and America have lost all spirit. Letting the Five Group lot of Demands be forced on China in 1915 by Japan was a crime, and what Japan gained thereby will constitute a bit of a handicap in some ways as regards foreign enterprise in Manchuria. If the United States Government put its foot down, however, and demanded fair treatment for its nationals, they would get it, and don't you forget it. The bankers in America would have to take an interest in things out here, to make things hum for the American exporter. I am not fool enough to think all this is coming to pass. Our folk at home have too many markets near at hand. But they could do it if they tried."

"So you think the door is really open?" I confessed I was surprised. I knew of an American line of goods in which The American had an interest, once sold largely in Manchuria, in 1916 hardly sold at all.

"Did I say so? I said it was open under certain circumstances." The American threw back his head with a laugh. "It is closed to the man who is afraid of the Japanese, or whose Government is inclined to forget that he is still on earth when he tries to do business outside its borders."

CHAPTER XXXI

ONE KIND OF FRIENDLY CO-OPERATION

MR. MA TING LIANG is a Cantonese. He was, in 1916, in his thirties, I should judge. He was very full in face, and if he lived sufficiently long promised to gather *avoir-dupois* to some considerable extent. In October, 1916, Mr. Ma was occupying the position of Special Commissioner for Foreign Affairs in Mukden as an appointee of the Government of the Chinese Republic.

I think Mr. Ma disliked Mukden. His chief, Governor Chang Tso Lin, did not like Mr. Ma, and made no bones about saying so. Chang was of a somewhat different school, if he could be described as belonging to any school. For Chang, though the governor of a province with a population of about 15,000,000 souls, had not sufficient erudition to enable him to read a word or write a single line. Mr. Ma had been given a serviceable education.

An official Japanese publication described Manchuria as follows: "Thanks to the friendly co-operation of the Chinese, Russian, and Japanese authorities in the management of railways, in the introduction of sanitary measures, as well as in establishing schools and developing industries, Manchuria is fast becoming a busy route of traffic and travel between Europe and East Asia, and a land of peace and prosperity."

When I read that, I was inclined, like the small boy, to cry out "What ho!"

I knew that Chang, though Chinese Governor of Manchuria, had no more to do with the management of the South Manchurian Railway than I had. His friendly co-operation in the introduction of sanitary measures in Manchuria I doubted. I suspect strongly that he would hardly know what sanitation meant. To establish schools or develop industries was equally out of Chang's line, even as a co-operator.

Therefore, if Manchuria was fast becoming a land of peace and prosperity, as the official scribe of the Japanese Government would have us believe, and such a greatly-to-be-desired result was in anywise due to Chinese co-operation, I thought Mr. Ma Ting Liang of Canton, Special Commissioner for Chinese Foreign Affairs in Manchuria, would be just the person to ask all about it.

So I called on Mr. Ma.

I met him with an introduction in the way of a card from an old schoolmate, a Chinese gentleman of the Foreign Office in Peking, and told him that General Tuan Chi Jui had suggested my seeing him and ascertaining from him just what the condition of affairs in Manchuria might be, from the Chinese standpoint.

Mr. Ma did not dilate particularly on the peace and prosperity of Manchuria. I must confess that. Perhaps he had never read the Japanese official publication that I had perused.

I asked Mr. Ma if it was true that the Japanese merchants who dealt in Manchuria had contracted the habit of refusing to pay likin, which is the local Customs tax levied by all Chinese towns.

Mr. Ma said he was afraid that such a habit had become an integral part of Japanese business procedure in Manchuria, or words to that effect.

"Why do not you Chinese folk put up a stern front against such high-handed practices on the part of the Japanese?" I asked.

"We cannot," blandly replied Mr. Ma. "Suppose we were to seize a Japanese consignment of goods, the owners of which refused to pay likin? A fine row would be raised about it. The Central Government at Peking is most anxious that we should give Japan no such opportunities for the formulation of further demands for new privileges in Manchuria and Mongolia. Every such incident leads to trouble."

"How can you expect other foreigners to pay likin if it is well known that the Japanese do not do so?" I queried.

"We do not, I am afraid," said Mr. Ma. "We have come to an arrangement with the English in Manchuria about it. Of course we cannot openly countenance such

a thing, but everybody knows that we cannot collect likin from the Japanese, so we have got into the way of taking a sort of bill from the English firms instead of taking a cash payment, as formerly. That saves the face of the local collectors."

Incidentally, it saved the face of the Chinese Government in Manchuria, which was more to the point, but Mr. Ma did not put it quite that way.

"We send the charges to the British Consul-Général in the form of comprador's charges," continued Mr. Ma, "and there they rest. At the end of a year they lapse and we cancel them. If we can prove that the Japanese competitors of the English firm have paid any likin, a similar amount is at once paid by the English house. They are perfectly fair, the English. They take the stand that it is not right that they should suffer the handicap of likin when their Japanese competitors go free of it. They are right enough. We do not dare press the Japanese to make them pay. So no one pays. The Manchurians pay in the end, for the taxes have to be raised somehow."

At that rate I could hardly imagine Manchuria fast becoming a land of peace and prosperity, the official Japanese view notwithstanding.

"I have heard much of roving bands of Mongolian robbers and rascals, containing a seasoning of Japanese, who come over toward the railway area, have a brush with the Chinese troops, and escape into the zone administered by the Japanese, where the Chinese troops are not allowed to follow them. Has there been any further friction of that sort of late?"

This subject worried Mr. Ma. At first he was not inclined to be very communicative upon it. He agreed that just the sort of thing I had described had been rampant and had caused much trouble. There, again, the Central Government at Peking was very hard to please. The Japanese would not allow the Mongolians to be pursued into the railway area. Conflict had more than once taken place between the Chinese and Japanese troops, the former alleging that the Japanese had helped the Mongolians. It was a delicate question, made all the more delicate, Mr. Ma said, by the fact that he had

heard only that morning that a new lot of Mongolians, among whose numbers were many Japanese renegades, had crossed the border of Manchuria and were threatening further trouble.

"Japan is placing police all over Manchuria and even in Eastern Mongolia at will, is she not?" I asked.

"Practically so," was the rather mournful answer. "You see, the Japanese claim the right to put police where one of their consuls has been placed. So when they want police in a town where they otherwise would have no right to have them, they just put a consul there and follow him up with the police, and what can we do? It causes trouble all the time, but we are helpless. There are always things coming up here that cause trouble."

My mind went back to that official Japanese statement: "Fast becoming a land of peace." I was fast becoming sceptical of that official Japanese scribe and his statements. A land of peace, indeed! An odd sort of peace!

"Is it true that if I wanted to lease some Manchurian land, on behalf of an American syndicate that was anxious to start the cultivation of the sugar-beet on a considerable scale," I asked, "and the required land was outside the railway area and right away from Japanese jurisdiction, the Chinese Government would find, no matter how much it wanted to see such an industry started in Manchuria, that the Japanese Government would block the way?"

"Japan," replied Mr. Ma, "obtained special allowances with reference to Manchuria by the Five Group Demands in 1915. Japanese subjects can thereby obtain a thirty-year lease on land in Southern Manchuria on which to erect buildings for trade and manufacture or for engaging in agricultural work. They can also work mines in certain areas. But Japan argues that such privileges are not subject to the Favoured Nation Clause."

"Humph," said I. "Good solid pressure on the part of some Power that held a different view would cause Japan to change her tune about that."

"Perhaps so," assented Mr. Ma. "But from where is the pressure going to come?"

And for the life of me I could not tell him. Can anyone?

"Foreign consulates are here to see fair play," I said;

"but your Provincial Chinese Government buckles under to such an extent to the Japanese that it is impossible for the foreign consulates to give you the slightest assistance."

"That may be true," again assented Mr. Ma. "What is wanted for China is a clear assurance from the Powers that if she makes a firm stand at Peking to try to save her sovereignty in Manchuria, the Powers will back her up. Otherwise, her sovereignty here is as good as gone."

That fact was as plain as a pikestaff.

China's sovereignty in Manchuria, what little there was left of it, was of so slight a character in 1916 that China had a small word indeed in most of the affairs of vital importance to her, internally, in Manchuria.

"Friendly co-operation," said the official Japanese writer.

Either his knowledge of the English language was small or his sense of humour great.

The sort of "friendly co-operation" from which Manchuria was suffering was like to that which a man experiences when a well-armed, unscrupulous, and powerful highwayman stops him on a lonely heath and suggests that they should between them proceed to turn the unfortunate man's pockets inside out.

If no help is within call, he does it.

Could you blame him?

No? Then do not blame China.

Let us merely remark, as we do in everyday life when we hear that robbers have been about: "Where in the world were the police?"

CHAPTER XXXII

JAPANESE PROGRESS IN KOREA

My train reached Keijo, in Chosen, as the Japanese now call Seoul, in Korea, at an early hour in the day.

On the station platform I spied a fellow-American, a doctor who was investigating sanitary and hospital conditions in Asia on behalf of a great institution of international interests.

The doctor and I had once been fellow-passengers on an up-river steamer on the Yangtze-Kiang. His work in the Far East has been spread over many years. The American Government used him to great advantage in the Philippines for a considerable period, in the days before a mistaken, fatuous, Bryan-born policy started to drive the best American brains from the service in the islands. Such work as the doctor did for the genus Filipino, however, will outlive the work of the Democratic Administration in the Philippines that went far toward undoing his labours.

In other words, the record of it will live, though the structure he had helped build was abandoned before it had been raised to a sufficient height to prevent its gradual decay and eventual obliteration, through the studied neglect that settled like a blight over many a splendid bit of departmental humanitarian work in the Philippines when Governor Harrison came out to Manila from his political labours at home and docilely obeyed, as a good politician should, his political orders from Washington.

Yes, the record of the work of the doctor and his fellows will live. Not, perhaps, in the history of our times that posterity will read, but in that book that is kept somewhere, somehow, by someone, out of sight and beyond the ken of mortals.

Such records do exist, or what would be the use of it all?

So when I meet the doctor I take off my hat to him. He is one of the men who have Done Things. Incidentally, he is one of the men who are doing them yet, very unostentatiously, but very well.

"Good morning," I said. "And how much of interest is there in ancient Seoul for the sightseer to glance over as he rushes past?"

The doctor smiled his smile of perennial good-fellowship, the sign-manual of that loosely tied but ever secure bond between men of one blood, far from home, but of kindred sympathies.

"Not very much," he replied. "Not so much but that one could see the sights in a few hours, so far as most globe-trotters see sights they count worth the seeing. But there are things enough to interest one for a long time in Seoul, if one is interested in the work the Japanese are doing."

"Are the Japanese benefiting Korea? Has their coming brought good to the country?" Here was a man, I thought, whose opinion on such a subject was well worth having. No superficial observer this. A man who saw beneath the outside skin of things. He had been travelling in out-of-the-way corners of Korea, too.

"People in the East talk much of sympathy for the Koreans, groaning under the hard hand of Japanese rule. They point often to Korea as an object lesson of the calamities that might befall other countries, other districts, if doubtfully blessed by Japanese administration and control," I said in parenthesis, by way of giving special point to my queries.

There on the station platform of Korea's capital city, in the all-too-short space of time before his train pulled out for a provincial town, one of the group of Men who had Done Things in a foreign land their own Mother-Country had essayed to govern for its health and good and progress, told me what he thought of Japan's work in Chosen, for so let us call Korea. Japan will have her way in that matter of the change of name, whether or no.

"To begin with," commented the doctor, "Japan has spent more money in Chosen than she is likely to get back out of the country for a great many years to come. Chosen has certainly benefited by that expenditure. No one can

gainsay that fact who comes to Chosen and compares it, as it is to-day, with the Korea of ante-Japanese days. The Chosen Railway, with its various activities, its docks in the harbour towns, its railway service, its big hotel here in Keijo, is a step forward.

"Chosen was not a particularly go-ahead community in the old Korean days. The Korean regime was not of a sort that developed the resources of the country. Chinese administration was little better. The Japanese are opening up many avenues of industry here. Mining, agriculture, and industrial plants have all been given no little attention.

"The reorganisation of the monetary system and establishment of the Bank of Chosen was certainly no curse to the people. You will see fine buildings here in Keijo, built with Japanese money, and none finer than that of the Bank of Chosen. The Chosen Railway Hotel is so grand a building that you will be more than surprised to see it in this part of the world, I can assure you.

"Streets have been paved, roads made and general means of communication wonderfully bettered.

"Schools, both of the ordinary sort and industrial schools as well, have been started in Chosen for the Koreans by the Japanese. Hospitals have been established, too. That sort of thing is accompanied by expense that can hardly be called an investment, in the ordinary business sense of the term.

"The Koreans could never and would never have done all that for themselves. Japan has done it for them. Koreans have always been very poor, and those above the class of the mere day-toiler were never industrious as a race. This is no land of wealth now. You will not meet any Korean millionaires. You could not find, if you searched Chosen for them, half a dozen Koreans that would be considered even moderately rich men, judged from Western-world standards. But the Koreans are really better off to-day, so far as the masses are concerned, than they were before the Japanese came.

"The greater part of the Koreans are farmers, and very good farmers too, in their way. The railway and its extensions have made farming much more profitable in Chosen.

"So when one generalises, I cannot see that Chosen is worse off under Japanese rule than it was before it. On the contrary, I think the man who looks at Chosen as it is at the present moment is bound to admit that Japan has proceeded here in much the same way that any other really progressive nation might have done under like circumstances, and that the country has benefited, whether it would or no. Many of the features of Japanese administration may have been harsh. I have heard that they were. But the material good that has been done is evident, and to my mind Chosen must inevitably be the gainer for that.

"How a man who knew the old Korea can study the new Chosen at close hand and not see improvement in the living conditions of the people and greater opportunities for them to gain a livelihood, I do not see."

That was how the doctor answered my questions.

Chosen is almost as large as Japan itself. Only 16,000,000 people inhabit Chosen, in comparison with Japan's 70,000,000 or more. Of the 16,000,000 less than 300,000 are Japanese. Chosen is essentially an agricultural community, as is Manchuria. Just as the imported Japanese agriculturist proves an inferior farmer to the Manchurian farmer, so the Japanese immigrant to Chosen compares unfavourably with the native tiller of the soil. Climatic conditions, too, deter Japanese immigration. The result is that, regardless of the plans that may have been in the minds of those at the head of Japanese affairs some half-dozen years before, it was fairly evident in 1916 that the Korean was the man most likely to benefit materially by the exploitation of Chosen.

When one thinks of Japan, with a density of population of nearly 400 persons per square mile, and Chosen with great districts where the density of population is less than fifty souls, it gives one pause that more Japanese have not trekked northward. Nearly 84 per cent. of the Koreans are engaged in agriculture. Of the 300,000 Japanese in Chosen, only 36,000 are on the land.

Increased prosperity has come to the agricultural element in Chosen. Between thirteen million and thirteen million and a half Koreans and 36,000 Japanese are tillers of the soil in Chosen. He who argues that the Koreans

are not benefiting by Japanese rule must ponder the foregoing figures.

Japan's present plan is to make Japanese of the Koreans. She is bent on what she calls a process of assimilation. I gathered in Chosen that the Japanese think they are making great headway along that line. The Japanese language is forced on the Koreans wherever possible and practicable. There are points of similarity between the two tongues, and the Koreans seem to learn Japanese readily. The Korean tillers of the soil seem to place no insuperable obstacles in the way of a gradual absorption of their race and a sort of elimination of it. The rest of the Koreans do not count for much. Those who are not mere labourers are anything but industrious. The upper classes, what is left of them, scorn work. They scorn most things, it seemed to me, except long white robes.

I asked if the Koreans were an essentially clean race. An informant said they were not. "It is odd," he continued, "to find how differently Oriental races look upon cleanliness of body. The Japanese as a race place great importance upon cleanliness of body, and clothing as well. The Koreans insist upon clean clothing, but pay little attention to cleanliness of person. The Chinese are extremely dirty both as regards clothing and body." I may say I do not agree with all his premises. Neither could any other man who has travelled in Japan with well-developed olfactory nerves.

"I have heard much said by outsiders about the brutal treatment of Koreans by the Japanese," I remarked to my informant. "Have you seen much of that sort of thing since you have been in Chosen?"

"No," was the prompt answer. "The commoner element among the Japanese may become somewhat aggressive sometimes. The extreme passivity and ultra-meekness of the Koreans almost tempts a bully. All sorts of Japanese have come to Chosen, good and bad. Sometimes I have been inclined to think the bad predominated in certain localities. Naturally enough there has been some abuse of the stupid, harmless type of native, but it is punished when discovered. Most of us feel too much sympathy and pity for the Koreans with whom we come into

contact to treat them otherwise than well. You could hardly imagine the inherent gentleness of this people. They are so utterly helpless, so absolutely childlike, that no one but a brute would wound their feelings. A man would be a real rogue who could find the heart to take advantage of their weaknesses.

"Personally, I like the Koreans. They are lazy. They take little or no pride in their country or their homes. But they are a dignified, slow, stately, gentle, lovable lot, to me. I would no sooner strike a Korean than I would kick a friendly, trusting dog."

Weeks afterwards, in Tokyo, I met a Japanese acquaintance, a man who controls a large business in Japan, and whose name is known from one end of the islands to the other.

"Hello!" I said as I greeted him. "What is new?"

"I know of nothing new," was the reply. "I am a bit strange here just now. I have been on a tour of sightseeing in Chosen and Manchuria."

"So have I," I remarked.

"The railway companies in both Manchuria and Chosen showed me many things, some of which I cared little about, that consumed much time." He had evidently been "personally conducted" while on the continent.

"What did you think of Chosen?" I asked.

"Fine country in some ways, I suppose," was the non-committal answer.

I considered my Japanese acquaintance a well-informed man, much broader-minded than most of his countrymen, decidedly less insular in point of view. I was keen to see what impression Chosen had left upon him, the one that would prove the most indelible; the one that he would first express as his most vivid remembrance of Chosen.

He did not continue at once, but deliberately took a cigarette from his case and leisurely lit it as if carefully selecting his words before he made reply.

"What did you think of the fine buildings Japanese enterprise has erected in the towns of Chosen and Manchuria?" I queried, to give him a lead.

"You have hit it," he said. "That is what I will never forget. Big railway stations, much bigger than there is any need for. Big hotels, some of them far too great for

any possible requirements for years and years to come. Big buildings like that of the Bank of Chosen in Keijo, many times larger than they might have been and yet served their purpose just as well.

"All so big. All so imposing. Why? To make an impression on the Koreans and the Manchurians, that is why. All to show how greatly Japan has progressed along what road? The road that leads where the nations of the Western world are pushing on, many, many years ahead of Japan. In the sort of way that seems to count most to the Japanese in Chosen and Manchuria, moreover, those Western nations seem likely to remain a long way ahead for many years to come."

I knew my Japanese friend for an ardent patriot and possessed of a fanatical love for things Japanese. But I knew him, too, as a very astute man of business, and therefore I could not quite catch his drift.

"Does not material development mean progress, then?" I queried.

"Progress—yes," he answered. "But why not strive for progress more sensibly, if less ostentatiously? Why be so blatant in proclaiming to the world that Japan is eager to copy, copy, copy, everlasting to copy to the exclusion of every other idea? Have we no good in Japan that is Japanese?"

"I saw a Korean, a splendid type of man, tall and erect, walking in the streets of Keijo. His step was slow, his head held high, his robes white, long, and flowing. But instead of the little round black hat which at first seems absurd to strangers, but soon takes a very important place in the picture in Korea, this Korean in Keijo wore a common, cheap, cloth travelling cap of a pattern of wide, horrid checks of cream and black.

"It was merely laughable to a man who had no artist or philosopher in him, but to a man who saw something to admire in the stately, gentle Koreans, for all their dislike of work and inability to govern themselves, it was garish. I said so to a Korean gentleman of the older school, a man of culture and refinement, with whom I was at that moment in conversation. Why, I asked, in the name of goodness did the man with the cap make such a guy of himself?

"The old Korean gentleman smiled and answered that the cap-clad one was a new product. He got his ideas from the Japanese. Let me look about me at the Japanese, he suggested. They copied everything, except their own Japanese ideas and customs. The farther they got away from Japanese things the better they seemed to think they had done. The big buildings, the unnecessary display of wealth, had not escaped the eye of the Koreans, said the old gentleman. They saw it and laughed in their sleeves. Copyists, they called the Japanese. Aping the Europeans to whom they pretended to hold themselves superior.

"So he went on. And I heard the same thing in another form in Manchuria. They are laughing at us, the best of them over there. Thus does our progress impress them. Hence what a waste, that extra expenditure designed only to show how great the Japanese are becoming. We are in more than one phase becoming too great worshippers of materialism in Japan. Are we to follow, then, the footsteps of Germany? Why not more of old Japan? There was much in it that was good and true and noble. There was much in it that we can ill afford to forget. That is the line of thought given to me by the material progress, pushed ahead of all else in the way of progress, in Korea and Manchuria."

Thus do points of view differ.

The odd thing about it is that two such divergent views in point of expression should contain, as I found they did, so much of truth in each.

But the Japanese knew his own land well and took with him to Korea and Manchuria much in his mind to help to colour his view.

No one who heard him that morning in Tokyo, and who had spent a few months in Japan with his eyes open, could fail to realise that he was talking sound sense and that he was rightly criticising a not unimportant feature of the national characteristics of present-day Japan.

"Are we, then, to follow in the footsteps of Germany?" More than one Japanese is asking the question in these later years.

Let us, for Japan's sake, devoutly hope not.

Personally I am sure Japan will not do so.

CHAPTER XXXIII

CONSERVATION OF LABOUR IN JAPAN

THE man who does not pretend to know much about the Far East is always lectured to by residents in the Orient who, having some two to five years of experience with Eastern peoples to their credit, seek to impart words of wisdom to the tyro.

Frequently one finds, in a country like Japan, some foreign resident who might live in a community, Occidental or Oriental, for a score of years, without absorbing much information as to the characteristics of his neighbours. This type of man all too frequently poses as an authority on things Japanese whenever opportunity offers.

Some of these well-intentioned folk give the stranger in Japan a weird idea indeed of various characteristics of the Japanese.

One Englishman, who had spent a couple of years in Japan, had the idea firmly implanted in his head that the Japanese manufacturers were most progressive, that they knew how to get the most labour out of the Japanese, and that they had learned how to buy and handle machinery even to the point where they would scrap half-worn tool-machines to make a place for new ones of a more up-to-date and efficient type.

Listening to that good chap for an evening and absorbing some of his ideas on Japan resulted in my spending a few extra days in probing around in search for some remote evidence that a word of what he had said was in anywise correct. Eventually I learned that he was wrong all the way through.

The Japanese manufacturer knows nothing at all of conserving the skilled labour of Japan. To begin with, the skilled labour of Japan is not, as yet, a very large proportion of the working classes. The way in which the average

Japanese employer works his employees reminds one of European labour conditions of three or four score years ago. The long hours of work without rest or respite, the total disregard of the wearing of the human machine, the treatment of employees in such manner that they escape from a factory with much the same sort of relief that they might experience when escaping from a penitentiary, the failure to take into account the necessity for proper nourishment, recreation or home life among workpeople if they are to be retained as useful units in an industrial army, all these things go to show, beyond possibility of contradiction, that Japan is a nation where the value of the skilled employee is less appreciated than in any country in the world which has any aspirations toward commercial and industrial supremacy.

I am aware that very large concerns in Japan, such as the Mitsubishi Company, look upon skilled labour differently, but they form a small percentage of Japan's employers of labour. When I visited the Mitsubishi plant at Nagasaki, where between twenty and thirty thousand hands are employed, the managing director explained to me a most elaborate scheme that had been adopted by the company whereby boys were recruited from the schools, put to further schooling at the instance and under the supervision of the company, and raised from tender youth to become valuable assets to the big concern that educated them to its needs. That is only one of a group of very advanced and idealistic schemes the Mitsubishi Company has in operation. It is quite an exceptional concern.

The Japanese have not yet learned the value of machinery of late design. They are learning, but still have a long way to go on that road. In more than one shop old machines, long past their usefulness, could be seen. Some of these were admittedly an encumbrance, but Japan will be long in learning the relative value of machinery. Of course, in 1916 the purchase of new machinery had been rendered difficult. Many a cotton-spinning plant in Japan had bought its machinery from some Indian mill that had been despoiled to equip its Japanese competitor. In one big mill I saw some shockingly worn, old spindles. Remarking on their aged appearance I was informed that

they had been bought in India as scrap-iron, shipped to Japan, and overhauled, rebuilt, made to run somehow, and were earning their weight in gold. "We find it impossible to get what we want in the way of new spinning machinery," said the foreman of that shop, "so we have to seek out what we can lay our hands on and do the most with it that we can."

Seldom indeed could I find, in my rambles among the factories and mills of Japan, a man who could talk intelligently on the subject of the conservation of labour or the conservation of machinery.

I well remember hammering away on the former topic for some time one day in Fukui, the great centre of the habutae weaving industry of Japan. We were standing by one of the old hand-looms. Most of the looms on the floor were of a modern type, run by electricity, for the plant was one of the largest and most modern in Fukui. But the half dozen by which we stood and watched the rhythmical darting of the swift shuttles were worked by hand.

The women who worked these hand-looms were deft of movement. Theirs was no novice touch. Long years of practice had made them adepts.

The foreman admitted that the machine looms turned out the more even work. The beautifully coloured lines were most surely straight. The delicate mesh was more surely firmly woven, and woven equally, when done on the later-type looms. But those of the hand-workers whose machines had been retained were experts. Their work was of a high order. They were paid by piece-work, and made comparatively good wages. Most of them had been there many years. Were they of value to the company? Surely. What an odd question. Of course they were of value. They knew the work as only old hands, thoroughly accustomed to that class of work, would ever know it. That, in itself, made them of value.

Here, then, I had found at last, I thought, some appreciation of capability born of long service and ripe experience. Here I might find evidence that the Japanese captain of industry realised that one particular atom in his industrial cosmos had a peculiar value of its own.

I watched the hand-looms with increased interest. The

work was hard. The women were none of them young as women go in Japan. One had a couple of babies playing about her skirts as she worked. The work took manual dexterity and physical strength of a sort, as well as knowledge and practice of its technical points.

Each foot pressed, alternately, the loom pedals. Up, down, up, down. A long-distance bicycle rider might envy the regularity and pertinacity of that continued pedalling. The women worked from the hip, too, showing that the pedal load was sufficiently heavy to require more than foot-weight. While the feet were thus monotonously on the move, one hand was equally busy pulling the shuttle cord.

The sharp jerks on this important adjunct to the job required the hand and arm to be raised well up to, or, in one instance, above the height of the operator's head. It might well fatigue one to stand and watch that constant movement. That hand, in such a position, jerk, jerk, jerking away with mechanical precision at the shuttle cord, meant long training to enable it to keep up the steady movement for long. Minutes passed as I watched, yet the jerk, jerk, jerk kept on, as if bent on showing that the new-fangled electrical power devices were not the only dependable power medium in those parts.

The two feet and the left hand being thus satisfactorily accounted for, I watched the right hand for a while. It seemed busier than its fellow. It had all manner of little jobs continually under its supervision. Yes, the women who worked those hand-looms in the habutae factory in Fukui were real workers, and no mistake. Well might their toil be appreciated. Well might their value as workers be recognised. They were surely worth something, individually and collectively. I had at last found labour that was valued for the sake of its productive capacity, I thought. And no wonder.

But as I was soliloquising thus, it occurred to me to find out what special privileges the extra-expert workers were accorded.

"How many hours in the day do such loom operators work?" I asked.

The foreman smiled.

"Their hours of work vary," he replied. "At the

present time they are working about thirteen hours per day."

"Do you mean to say they can keep that up for thirteen hours out of twenty-four and do any work the next day?" I queried.

"Indeed they can do so." The foreman seemed surprised that I should ask the question. "The hours which we work the women who operate these looms depend on matters with which they have nothing to do. The work hours depend on such things as the price of habutae and the demand for it. If the price goes up, if orders are brisk, and the office makes a demand on me, I work these hand-loom women as much as fifteen hours per day for a bit. They are paid on a system of piece-work, so it means more money to them. I can get fifteen hours of work per day out of most of them."

"Do you not at times defeat your own ends?" I asked. "Do not the women sometimes crock up? Do you not sometimes find you are destroying their capacity by crowding them too hard? Is there no limit to their endurance?"

The foreman smiled again.

"I can work them too hard, of course," he admitted. "But they can stand fifteen hours per day for quite a bit, these women. Some of them turn out inferior work if we work them too long at a stretch, but we let that sort go when anyone has to be dropped."

"But how do you keep up the supply?" I asked. "These women surely take some training for this work. If you kill off your labour along this line how do you fill the gaps in the ranks?"

Still the foreman smiled.

"We are gradually dropping the hand-loomis," he said. His smile broadened perceptibly. "We will put in mechanical looms throughout the factory one day."

I woke up with a start. I had dreamed of having found a plant where the Japanese manufacturer was conserving labour, where the value of the individual worker was appreciated, where I would for once escape the oft-heard formula, "There are plenty more from where these workers came."

There is no chance to say that there are plenty more

of the women trained to work the hand-looms. But when they are gone electricity will take their place. That was the kernel of the little joke in that particular habutae factory in Fukui. That was why the foreman smiled.

If my memory serves me, there was a smile on the face of the tiger, was there not?

CHAPTER XXXIV

THE EVOLUTION OF THE JAPANESE COMMERCIAL ELEMENT

"YOU ask too much of the Japanese business man, you Americans," said my Japanese friend one cool November evening in Tokyo.

He was a man of business in Japan, and a good one. His word was good, his policies sound, and his view of the world outside Japan was all the broader for ten years of his earlier days spent in the United States.

"Go back with me to fifty years ago and visit with me the little town where I was born and where I spent my boyhood. It was a small town, I suppose, as towns go, but its five thousand souls were no mean population in our eyes. It was a very provincial community, near no large centre. For centuries it had been self-contained. My great-grandfather wanted to visit Osaka. Soldiers guarded the only roads to the frontier of our province. Roads were not encouraged in those days, on the ground that they might assist the military operations of a possible enemy. No member of the community was allowed to go outside the province without permission from the Daimio. Thus, as permission was most difficult to obtain and a request for it most unusual, the people in my town spent their lives quite contentedly within a forty-mile radius of their birth-place. But my great-grandfather was persistent. After two months of constant effort, most politically applied, he obtained the coveted permission and had the signal honour of being allowed to pay a forty-eight hour visit to Osaka.

"The Daimio of our province was more powerful than the Daimio of the neighbouring province. Our jails held no criminals we wanted to get rid of. Executions were plentiful enough, but not all criminals were condemned to death. Some were sentenced to be banished. Such were taken to the border of the neighbouring province and thrust across to fare as they might. The neighbouring province,

that of the weaker Daimio, could not return the compliment. The guards of soldiers on the single road prevented.

"The life of the community was ordered for it. It had little option as to its development. There were no single men or women. All had to be married, whether they would or no. It was all arranged for them. A man was put at an occupation and stayed at it. He had no choice. He could not escape the *métier* that had been chosen for him. If he became proficient as a carver of wood or ivory, if he became clever with the brush or if he could write really fine poetry, he might by the ladder of art climb above the surroundings in which he had been immured, but otherwise there was no escape for him of any sort.

"The large estates were practically self-supporting. The needs of the people were few. Consequently, there was little necessity and less opportunity for the development of anything that might be called commerce, even in an elemental form. The commercial concerns, such as they were, were ordained by the authoritative power, just as other elements in the daily life of the people were ordained and regulated.

"The fan was an article that held a great place in our somewhat uneventful existence. If you paid a call on a feast-day and gave or received a present it was always a fan. If you visited the Daimio, the resultant gift from him was always a fan. Wedding presents were fans. Ceremonial presents were fans. Everyone carried a fan. Where the soldier carried two swords in his sash or belt the modest citizen carried his fan. To take one's fan and strike a fellow-man was to visit upon him the greatest insult possible. A soldier who did not care to dirty his sword with the blood of a dog of a tradesman might take his fan from the side of his sash opposite to that in which his weapons were thrust and hit the offending merchant with it, as if to say, 'Here is a blow from your own weapon. Mine is a weapon to be used on men only.'

"A citizen of the business class was not given to blows. Had he been and had he become sufficiently enraged to have pulled out his fan and strike a fellow-man, death alone could wipe out the insult. As tradesmen did not hold sanguinary deeds in high esteem, they did not exchange

fan-blows. For that matter, swords were unsheathed with care in those days. Once draw your sword on a man, he must die before it could again be sheathed. If you killed your adversary, honour demanded that you at once, in turn, should take your own life. So drawing a sword was better done none too hastily.

"There was only one fan-maker allowed in our town. There were two sweetmeat-makers, six brewers, and so on. My father was one of the brewers. All that sort of thing was strictly under the thumb of authority.

"The community was sharply divided as regarded social class. First came the soldier; next the man of productive ability like the farmer; third came the carpenter, the constructive type and his fellow-craftsmen; and fourth came the business man, only above the lowest class of all, that of the beggar.

"'Shi-Noh-Koh-Shoh,' ran the old Chinese saw. Soldier, farmer, artisan, tradesman. That was the social order of the days of fifty years ago, laid down by hard and fast law of mandate and usage.

"The soldier was the principal figure in the community. He dominated the rest. If he killed a business man with a stroke of his sword, he worried no more, and was worried no more by others than himself, than if he had killed a dog. True, he could not wantonly kill without some excuse; no matter if such excuse lacked plausibility. If he took life without excuse, whether his victim be dog or business man, he must commit *hari-kari*; he must take his own life. If a business man in a crowded street stepped on his foot in passing, however, and the soldier killed him with a quick blow, as he would probably do, he could say in explanation, 'The man stepped upon me. I was affronted. I took his life as a matter of course. He was a merchant.' That was quite all that was necessary in the way of provocation to supply ample excuse for his action.

"The poor commercial man was kicked by everyone save solely the beggars themselves. He had no honour and no place in the social scale to defend. He was the under-dog in the fullest sense of the word. When it came to the actual transaction, where money changed hands, he was allowed a certain amount of scope he otherwise would never have had, from the fact that the soldier considered

himself above money matters. If he went to buy a fan, he asked the price, of course, but when he was told what it was, he did not argue about it. The merchant, dog that he was, had to do with matters of price and value, it was not for the soldier to bother his head about them. That was the soldier's attitude.

"So fifty years ago in Japan the commercial element was composed of a class of men who were well toward the bottom of the social life of the community in which they lived, respected by none, with no rights or privileges, with no such thing as honour because they had no means of defending or asserting it, but allowed, in spite of all the foregoing, to have their revenge at times by being able to take advantage of a lack of attention to business matters on the part of those who were ever ready to abuse or vilify them.

"That was only fifty years ago. Yet you wonder when your English business friends in the Far East tell a Japanese business acquaintance of the serious defection, from English standards of business morality, of some other Japanese, that the Japanese acquaintance does not sympathise with the Englishman. That the Englishman has been the victim of real crookedness from a Western standpoint will not make one Japanese see the action of another Japanese in that light, for the very good reason that but fifty years have passed, or less than that, since any business man in Japan possessed any attributes of honesty. You expect too much, if you ask for a complete change of ideals and ideas on the part of a class of people, particularly Orientals, in a single generation.

"Like most big movements in civil life, one man has had much to do with business evolution in Japan. One man has been back of the movement in Japan for the uplifting of the commercial class. His work has really achieved something. You have met Baron Shibusawa. You have spoken of him as the Grand Old Man of Japanese commerce. I wonder if you know how thoroughly that is a true description of Baron Shibusawa.

"Thirty years ago Baron Shibusawa realised that in this commercial age the status of the Japanese business man must be put on a better plane and the business man moved up with it if Japanese were going to hold their own among

the nations of the world. He worked incessantly to that end. He was a man of the military class, at that time the second man in the state as regarded national financial affairs. Marquis Inouye was at the head of Government finance and Baron Shibusawa was his second in command. Baron Shibusawa resigned his position and stepped down from his place to mix personally in various business enterprises. In a few years he was either managing director, chairman of the board or in some other capacity directing the policy and fortunes of a dozen concerns.

"He swung these to prominence and by his splendid personal example and precept inaugurated a new commercial era for his fellow-countrymen. Then the time came when he thought it wise to step out from all his positions of authority and leave the direction of the affairs of his companies to those who had been serving under and with him. That was the next step in the process of their development. Baron Shibusawa left all the concerns he had fathered and guided except the National Bank of Tokyo, the presidency of which he still retains.

"The good he has done will never be forgotten by the Japanese business world. That world is still learning—still developing. It is daily growing better, wiser, more broad-minded, more to be depended upon. But the process is slow. This is the East.

"So now you will understand what I mean when I say to you, do not ask too much of the Japanese business man yet. Give him time."

CHAPTER XXXV

THE GIRLS OF THE COTTON MILLS

I WAS in Osaka, the great manufacturing centre of Japan, in November, 1916, at the time an outcry was raised by the Japanese cotton industry, the spinners and weavers of hosiery and other kindred cotton products, at Great Britain's decision to prohibit the importation into the British Isles of foreign manufactured goods in that line.

When I first heard the word hosiery in this connection I was so ignorant as to imagine that it meant wearing-apparel for the pedal extremities. The amount of time I wasted, one day, in trying to discover how the large circular lengths of woven cotton could be turned into socks and stockings, makes me blush at the depths of ignorance to which I had sunk. Hosiery, to the initiated, means almost anything in the way of woven goods that may be made from cotton yarn.

I visited a number of hosiery factories in the vicinity of Osaka, and talked at length with works managers, managing directors and such folk about their product, their labour and the political side of the embargo which England had imposed.

The cotton goods business is the only great line of manufacturing industry in Japan that can boast of so thorough an organisation, an organisation that extends from the man who buys and ships from India 80 per cent. of the cotton that comes to Japan, through the shipping concerns that carry it, through the great mills of Japan, on through the exporter, through the railway and steamship carriers that send it to Manchuria, to China, to Australia, to England, or back to India where the cotton comes from and right on through the men that actually market the goods. The cotton industry, or to be exact, the cotton goods industry, in Japan, shows what the Japanese can do and have done in the way of organisation. True, no

other line of industry or business can show like results, or anything approaching them. But they show what can be done by the Japanese, nevertheless.

Then, too, the cotton piece goods marketed in China and Manchuria by the Japanese have been improved until in the cheaper lines the stuff has been perfected wonderfully. Agents of Manchester goods admit this. Bits of cotton piece goods of Japanese origin were shown to me by those who competed against them and declared to be of the first class in their line. Japanese manufacture in many lines fails to show such advance in quality, but there is no denying that in the cotton piece goods Japan has more than held her own.

The machinery problem in Japan in connection with the manufacture of hosiery presented a study in itself. So did the labour question. Wages, hours of work, the character of employee utilised, how the employees lived, all these things had a side in Japan that was so different from European and American conditions that each merited special attention. The political power of the growing and wonderfully prosperous industry, its demands on its own Government, particularly in connection with the argument as to the embargo on export from Japan to Great Britain, had its sidelights from which conclusions and morals could be drawn.

The great advantage of the Japanese spinner and weaver of cotton is cheap labour. Most of this labour is woman labour. To be absolutely correct, most of it is girl labour, girl-child labour. So a little insight into how the girl-child labour of the Japanese cotton goods industry is procured, how it works and how it lives, touches a human aspect of the subject which has a by no means unimportant bearing on the whole business.

I watched the Japanese girls at work in half a dozen big mills. Their work seemed much the same, wherever it was performed.

As to the average conditions of labour in the average cotton mill in Osaka, I was told the following by the works manager of one of them. He said, "Ours is an old established business, from a Japanese standpoint. We have been in existence for twenty years. We have several mills. In this one we operate 50,000 spindles and 2,200

looms. Of the spindles 35,000 keep the 2,200 looms busy, and the remaining 15,000 spindles make cotton thread. We employ in this mill about 3,000 hands, of whom only 700 are men."

As we walked the dusty, noisy length of one room I was able to count 700 looms, at which about 300 women were working. The works manager said the average age of the employees in that department was fourteen years. That, in the Japanese way of figuring a person's age, meant that the girls averaged thirteen years according to our way of reckoning.

This factory, in common with all similar factories in Japan, worked day and night for all but two days in the month. Two shifts worked the spindles. One shift went on at 6 A.M. and worked until 6 P.M. From 11.30 A.M. until 12 noon, time was allowed for dinner, and from 3 P.M. until 3.30 P.M. was also allowed off. Japan's new Factory Act, originally designed to do away with night labour so that these children could have a fair chance in life, was squelched by the cotton goods industry, so one of its leaders proudly told me, but one benefit to the labourers crept through. That benefit had to do with a proper interval for food, which was, under the law as amended, necessarily given to the workers.

The night shift began at 6 P.M., and worked until 6 A.M., having two half-hours of rest out of the twelve. The girls worked a fortnight on day shift, and a fortnight on night shift alternately. As two days off each month were allowed, this interval made the change of shift convenient at that time. Night and day shifts were paid the same wages.

Discussing wages, I asked the works manager if any general scale was recognised in the trade. He said no, but from what he told me later I judged he misunderstood the meaning of my query. A spindle-hand who has had three years' experience and has thereby become quite proficient, gets a wage throughout the trade that may fairly be taken as a standard one. In the average mill I visited the men hands averaged 60 sen (1s. 3d.) per day, running to 70 sen (over 1s. 5d.) at the top. The women averaged 45 sen (nearly 11d.), though women might earn 70 as well as the men in special instances. I was shown a table pro-

duced by the Osaka Chamber of Commerce which was compiled to show the average daily wages of textile workers in Osaka, men and women together, for the second half of 1915 and the first half of 1916 comparatively, setting forth particularly the rise in the average wage of such toilers. The average in the last half of 1915 was 53 sen (nearly 1s. 1d.) and for the first half of 1916 was 56 sen (about 1s 1½d.). The workers who produced knitted goods averaged, according to this report, but 46 sen (11d.) per day for the last half of 1915, while they jumped to the princely daily average of 69 sen (about 1s. 5d.) per day for the first half of 1916, an unprecedented and to some an alarming average.

The above relatively large wages were paid to the more skilled workers. Beginners did not get so much, naturally. For girls of "fourteen" (girls we should class as thirteen) 18 sen (say, 4½d.) to 25 sen (about 6d.) was a fair wage, so the works manager said. These girls were recruited from a very poor class. There was abundance of poor in Japan from whom to choose. The girls were taken by the mills on a sort of three years' apprenticeship scheme. They were housed in dormitories and fed by the company, which charged them fixed rates for the food supplied.

"That lot of girls," said the works manager, pointing to a bevy of mere youngsters working on a long row of spindles, "get 18 sen (4½d.) to 20 sen (under 5d.) per day. They get their three meals each day from us, and we make a charge of 9 sen (just over 2d.) a day, which pays for food and includes their sleeping accommodation. We have about 2,000 such girls in one dormitory, or set of dormitories. The men are fed on the same general scheme, but have to pay about 12 sen (just under 3d.) for their meals. The girls begin to be of some use after three months' training, but most of them work eighteen months before one could call them number one hands."

We were passing from a room containing 1,000 looms in 25 rows, to an adjoining one containing 500 looms. It was a busy sight. Every girl was hard at work. The noise was incessant and the dust thick.

"You say you get these girls from their homes on a sort of three years' agreement?" I asked.

"Yes," the works manager replied. "But they do not by any means stay three years. The average only stay about eighteen months or so. Plenty of them go after ten months' work. We have some difficulty to keep them. But there are always plenty more where they came from," and he shrugged his shoulders as if it really mattered very little whether they went or stayed.

What with the noise and the dust, the long hours and the night shifts, I thought I could understand their going before the three years were concluded. I watched them closely. I saw very little real intelligence on the average face. They were truly the cannon-fodder of Japan's industrial war. Less than five English pence per day many of them were paid, and half of that went for their food. Perhaps it was a mercy they worked twelve hours of each twenty-four and had but two days off out of each month. If they had more leisure they might find time to become dissatisfied !

CHAPTER XXXVI

FACTORIES AND FACTORY DORMITORIES

WHEN I first started visiting the industrial factories in Osaka, I was under the general guidance of the Osaka Chamber of Commerce. The Ministry of Commerce, through the department ably headed by Mr. Oka, the director of the up-to-date and enterprising Museum of Commerce established in Tokyo by the Japanese Government, had very kindly provided me with a circular letter to Japanese manufacturers in general. This letter proved a key to most closed factory doors.

Before going to Osaka, however, Baron Shibusawa had given me a letter to the President of the Osaka Chamber of Commerce. Had I known how much of my time the presentation of that letter and the events that followed in consequence would lose for me, I would have kept it tightly locked in my dispatch case. Had the kind gentleman who gave it to me known much about the Osaka Chamber of Commerce, I doubt if he would have given me the letter in the first place.

The President of the Osaka Chamber was in Tokyo when I reached Osaka. Consequently, a young Japanese, whose card declared that he was the English Secretary of the Osaka Chamber of Commerce, was my particular affliction. Just what I had done that an unkind Providence should have visited that Japanese young man upon me, I have not yet been able to decide. It must have been something pretty bad. He spoke English sufficiently well, if he wanted to do so. He understood English, too, when he put what he no doubt would have called his mind on what was being said to him. We are told distinctly by the Scriptures not to call a man a fool. So I will not.

To this young man fell the duty of looking over the list of Japanese industrial plants of one sort and another, a list that I had most laboriously compiled, and discovering,

without undue delay, that it was not allowed that I should make a tour of inspection of the places I most wished to see. That was the only part of his job in which he established anything like a record. He could find the way barred, or find a way to bar the way, just as one might put it, to any factory in Osaka I might choose to mention.

In time I learned how to handle the situation. I first went where he wished to go. We saw nothing of interest. We lost most of an afternoon working hard to keep from running across a couple of places I was most anxious to find.

Later I demanded that he tell my chauffeur to go to some of the places that had refused me, through the medium of a letter to him, admission to their premises. The factory folk, as I surmised would be the case, discovered that it was a very different matter to bar me when I appeared in person. When they discovered that the individual who wished to see their plant was merely a bland, always smiling (a smile took a bit of concentration at times) imperturbable, fat, certainly harmless man with a somewhat annoying penchant for asking foolish questions, the answers to some of the most simple of which he pondered over and discussed and made the basis for a lot of still more foolish questions, they very wisely decided that the easiest way to get rid of me was to humour me a bit. And they did. I thank them for it. I went to them in no unfriendly spirit. I was merely frankly inquisitive.

Every man who has tried to go about Japanese industrial plants quickly learns two cardinal facts. Firstly, the Japanese are no different from the people of any other nation, in that they are always ready and willing to show people their new and up-to-date factories, and that they very naturally dislike to show to outsiders those of their plants that are housed in old, tumbledown buildings, are crowded out of all conscience, or possess other like attributes that make the owners rather ashamed of the place. I think it is interesting to see both sorts of places, and I did so.

Secondly, Japan is a new country as regards manufacture. It is a long way from other manufacturing countries. It is very childlike about some things and very childish about others. At once the observer in Japan comes into

touch with an odd idea that much is secret which in any other country would never be so considered. Some of the secrets of one trade into which I probed a bit were truly uproariously funny. They may have been secrets in a bygone age in England, but certainly not since. The Japanese are not only great imitators, but intensely dislike being imitated. They are always trying to patent something which they see some European or American firm bring out, in an earnest and sometimes not unsuccessful endeavour to keep their fellow-Japanese from imitating it. That, incidentally, this little game sometimes results in the Japanese adopter of the foreign idea trying to prohibit the foreign originator of the idea from marketing the goods in Japan, even though a business in that line has been built up in Japan at some effort and expense, is only by the way.

At one time straw hats made in Japan were finished with a plaited edge. English-made straw hats came to Japan in the ordinary course of trade with the edge of the brim finished in the familiar (to us) saw-tooth pattern. A year or more passed. The idea drifted into the mind of a Japanese manufacturer of straw hats who had seen the European article exhibited for a couple of seasons in the show windows in Yokohama and Tokyo, and out he came with a patent by means of which he not only made a fight against any and all of his Japanese competitors who dared essay the manufacture of a straw hat with a saw-tooth brim, but against the English importers as well. At first he seemed likely to prove successful, but the British Commercial Attaché in Japan, the indefatigable Mr. Crowe, took up the cudgels on behalf of the English importer and managed to beat the Japanese hat man. So, thanks to Mr. Crowe's efforts, certain goods manufactured in England, which had been sold in Japan for a year or two, could still be sold in Japan without a royalty being paid to a rival Japanese firm. It was quite a victory.

Let me warn the intending visitor to Osaka, great city that it is, that it proved a difficult thing to find a man in Osaka who spoke English.

One morning I went into many establishments in Osaka, smiled at whoever came first and asked for someone who spoke English. In vain. We were in the heart of the city, too. I got into the habit of asking passers-by,

many of whom wore European clothing. In vain. Signs in English in front of a place of business were, I found, no surety that English was spoken within. At last I found a very polite Japanese gentleman in the Singer Sewing Machine agency who spoke English fluently. I asked him the way to the American Consulate. There was no such thing in Osaka, he informed me. The British Consulate? Yes, he could send the driver there. He did. He said the Consulate was only half a mile distant. But we had not taken my chauffeur thoroughly into consideration. I was fifty-five minutes finding the British Consulate. We were trying all the time, too.

The Vice-consul, Mr. White, was very kind. He tried hard to get an interpreter for me. No one in the Consulate, save himself, spoke English. He telephoned to the hotel. The hotel proprietor promised to send about Osaka and see if he could procure an interpreter. Mr. White tried an exporting house, an English concern, to see if we could borrow an interpreter or a clerk who could act as such. It was all in vain. With over a million Japanese in Osaka, many of them busy working on goods for English markets, we could not get an interpreter on such short notice. So I went, at Mr. White's suggestion, by myself. I went to a factory where Mr. White knew that the works manager spoke quite a little English. It was a factory which the Chamber of Commerce man had said had refused to let me pay it a visit. I visited it, saw it from one end to the other, and learned much of interest from it.

At a cotton hosiery factory, a factory which produced woven shirting, I visited one of the workgirls' dormitories. To reach this place we ran out to the edge of Osaka. Once out of the city proper, the road proved very bad. At times it became a mere dirt lane, winding between ditches full of stagnant water or wet rice paddies. The country folk were busy here and there gathering rice at the narrow roadside. More than once the car had to run over the piles of grain on the straw mats spread in the path. Nothing could be more primitive than the current method of garnering the rice. The stench was overpowering at intervals. In one of the villages the Chamber of Commerce man held his nose with his fingers when we paused for a moment to ask the way.

The approach to the factory site must have been absolutely impossible for a motor-car in wet weather. A motor-lorry could not have travelled the primitive path in the driest of seasons.

The factory had been built but three years. A spur of railway line led to it from a near-by branch railroad. The buildings and the whole place looked quite new. The actual factory plant was composed of one-storey sheds with saw-tooth roofs, quite in the latest accepted design. Twenty thousand spindles were operated in the works, we were told, and a little more than a thousand hands were employed, almost all of them girls, and very young girls too.

As we walked from the office toward the works proper, after the usual preliminaries, we passed a few score girls at play in the open yard. They were skipping or watching others do so. They seemed absurdly young. That lot were of the night shift, I was told, girls who were having a little recreation after their day of sleep. They had come off duty at six o'clock that morning, after working for twelve hours with two half-hour intervals, eleven hours of actual night labour at no light tasks.

They looked surprisingly well on it.

We made a cursory inspection of the plant. There was nothing unusual about it. In some departments most of the machinery was English. After looking over the raw cotton we came to the rows on rows of spindles. Here the girl labour again struck me as being absurdly young. I could not believe that the bulk of the girls in one group were a day over ten years of age, though I was repeatedly assured that most of them were thirteen years old.

"What do you pay them a day?" I asked.

"Their wages run from 20 sen (under 5d.) to 35 sen (say 8½d.) per day," was the reply. "We get them here on a two-years' contract."

As we reached the weaving machines I found the plant contained a considerable amount of both German and American machinery, the latter but a year old. The youngsters were quaintly curious. It was apparently quite an innovation, a visit from a foreigner. The little girls crowded round more like babies than workwomen. They were all eyes, and such mere kiddies I could not

believe them over ten, shoals of them, in spite of evidence to the contrary.

They looked astonishingly bright and healthy, most of them, though in every group there was a wistful little face, dull with weariness or ill-health, that reminded one that these mites were worked eleven hours out of the twenty-four for six days each week. For one week they worked during the day and for the next week they worked during the night. Whether they worked on night or day shift they put in the full eleven hours of toil and received the same rate of pay.

"The girls live on the premises, do they not?" I asked.

"Certainly," was the reply. "They are given very good accommodation. The dormitories for them are new and very good. They pay the company 10 sen (nearly 2½d.) per day for their three meals and are charged nothing for their sleeping and living quarters."

Less than sixpence each day, many of these hard-working tots earned, and well toward half of their wages went to the company for their board and room, if one might call it that.

I waxed facetious. I asked soberly how the girls of such type spent their surplus money. Did they have to buy much in the way of clothing? Not much, soberly came the reply. I said I did not think they would have a big surplus out of their ten sen per day after their clothes were bought, but I supposed some frugal ones were found. Did they spend their money on adorning themselves, or did they spend their spare cash on sweets, or what did they do with it? Some, I supposed, might contribute to the expenses of the paternal home. Yes, I was told, some did spend their money on sweets and some spent it on personal adornment. The company provided a store on the premises for all such emergencies. Not that the Japanese gentlemen called them emergencies. He was very serious about it.

Finally, resolved to track to the bitter end the remnants of that threepence per day or what was left of it after the recipient had provided herself with a wardrobe, had squandered a bit on gew-gaws and possibly succumbed to the tempting lollipops in the company store, I said, "I suppose there are some girls that save money, are there

not? What do they do with their hoards? Do they put their money in the bank?"

"No," answered my informant. "If they have any money over, that they do not spend, the company will always take care of it for them."

That was it, then. The beneficent company was always at hand. It took them from their cots, if they had any, almost from their mothers' arms, bound them to labour for the period of two years, stuck them at it for eleven hours (day and night alternately) out of every weekday, charged them almost half of their sixpence per day for their keep, provided a company store to catch their odd pennies, half-pennies, farthings, or what not, and then, if there happened to be a bit that slipped through, looked after it for them.

One thing more in that connection I wanted to know. How much of an eye did the Japanese Government keep on all this? Not much eye, if what I was told was true. The Government called sometimes, through the medium of rather subordinate folk, and inspected the factories and dormitories from the standpoint of sanitary matters. That was all. The company was a private company. It did not publish a balance sheet. Its profits were only known to its shareholders, perhaps not to all of them, for aught I could see. I asked repeatedly if the company had to make any accounting with reference to what it charged its employees for food or lodging; what it gave them for the money it collected from them in payment for such food and sleeping accommodation; what it sold the tots, who could go nowhere else to buy; or what it did with the money the thrifty savers hoarded in the company's hands, the money the company "looked after," to use its director's expression. He was not only quite sure the Government did not bother its head about such matters, but gave me very clearly to understand that he was very far from seeing the point of view which would have considered the possibility of such a thing.

Later, when talking of the factory's advantages, he mentioned in the same category the low rental of the property, the spur of track so near a main railway line, and the fact that the employees were well away by themselves. I think he honestly thought the company store an

unmixed blessing to the girls. Perhaps it was. In fairness one ought to admit that.

I had seen so little of unusual interest in the actual factory that when we had finished our tour of inspection and I was about to be most politely bowed into our waiting car, I decided that I would see one of the dormitories where the factory mites lived. Here was a good opportunity. This was a new place, a place whose director had boasted of the accommodation provided for his girls. Why not see it?

The proposition was not cordially received, and I was given to understand by the little Chamber of Commerce man that it really was not done in the best circles, or words to that effect. But I was smiling, obtuse and quite unconvinced. I acted as though I was sure they really wanted me to see the dormitory. It was just their modesty, I suggested to my cicerone. Never mind what they said. Come on! They had to come, or let me go alone. They got to the foot of a stair that led to a sort of raised causeway between the works and the dormitories, and there said rather hopelessly that I would have to remove my shoes if I went further. Quite so. My shoes were off in a jiffy. They abandoned resistance then, and we went through. Sometimes I followed them, sometimes they followed me.

All Japanese dwellings look bare to European or Western eyes. The place was clean enough. It was large, of course. It had to be large to house nearly one thousand girls. The sleeping-rooms were not very big. The average room of that sort contained fourteen mats, neat, cool-looking things, that provided a place for eighteen girls to sleep. I think one of the eighteen could hardly come in late and get into the middle of the room without waking up the rest. Rows of kimonos hung on the walls. Each group of three or four such sleeping-rooms had a dressing-room assigned to it. The dressing-rooms measured eight feet by ten. They were innocent of any furnishing whatever, save for three cheap and by no means large looking-glasses. Near each dressing-room was another eight by ten room containing a trough, thereby declaring itself a wash-room for anywhere from fifty to a hundred girls. On the lower floor was a stone bath, six feet wide by sixteen feet long.

A schoolroom was shown me. It had evidently not held a class for some time. The windows were dark with an accumulation of dirt of some standing. One larger room contained a shrine. A Buddhist priest came to the dormitories once each month to hold service.

What did they do to maintain order, I asked. Nothing, was the answer. But surely sometimes the younger ones got out of hand? Did they always act like grown-ups, these kiddies? Did they find no necessity for matrons, or at least monitors, among the girls themselves? Not a bit. The director was most decided about that. The girls never made a noise. They never played when they should go to sleep. They were generally tired when rest time came. I had forgotten that eleven hours of work out of every twenty-four. I had forgotten that these mites were not really kiddies. They were workwomen. They were the backbone of the cotton-goods industry of Japan. One had to remember that, of course.

The dispensary looked businesslike. So did the hospital. The latter particularly so, as it was fairly full. Poor, little, white, wan faces looked wistfully from the rude cots. The Juggernaut had caught some of the little ones.

That is what I saw in those dormitories. Not much, perhaps. No, not much. Not much was there to see. Just that the little toilers, the girls of the cotton mills, are packed in like sardines and live their sleeping hours, and those of their waking ones when they are not at loom or spindle, in the barest of bare, cold, meagre surroundings.

But that is Japanese, says the man who knows Japan.

The whole thing is Japanese.

Very Japanese indeed.

CHAPTER XXXVII

ANOTHER BEEHIVE OF INDUSTRY

WHEN I was in Sydney in the spring of 1916 I made the acquaintance of the very able and obliging Japanese Consul-General there. Mr. Shimidzu was once the Japanese consular representative in Chicago.

My acquaintance with Mr. Shimidzu did not extend over a very long period, but I saw enough of him to come to the conclusion that he was a close and earnest student of Australian matters that might prove of value to his countrymen.

I saw a report made by Mr. Shimidzu in 1916. Japanese products, Mr. Shimidzu's report declared, were very unpopular in Australia, chiefly owing to their inferior quality. The demand for enamelled iron ware, Mr. Shimidzu said, was increasing among the families of the Australian working classes. The war having stopped the importation of English and German enamelled ware, the Japanese products found no difficulty in gaining an immediate opening. Close on the heels of the advent of the Japanese goods in this line, however, came voluminous complaints that the goods were inherently bad.

It was alleged in Australia, went on Mr. Shimidzu, that some of the Japanese enamelled ware was so hurriedly or faultily made that holes in the pieces were no bar to the pieces being patched up and run through. In some instances, people said, such holes were found to have been filled with lead and the enamelled process proceeded with in due course. Naturally, the goods looked right enough, but when exposed to the heat of a good fire, the lead melted and the good Australian housewife felt swindled. Even in the whole pieces, unpatched with lead, faulty manufacture resulted in easily cracked enamel, rendering the goods worthless.

So much for the enamelled ware.

Mr. Shimidzu's report did not stop there. It dealt with Japanese cotton undershirts that, when washed, shrunk so that they were made unwearable; of Japanese carpenters' and mechanics' tools that broke under slight strain; of 6,000 pocket electric lamps, manufactured in Japan and guaranteed for six months, 1,982 of which were found, on arrival in Australia, to be worthless; and other little home truths for Japan's captains of industry. Finally, said Mr. Shimidzu, many Australian shopkeepers, in order to sell Japanese goods, found it necessary to label them with legends craftily declaring that the articles were made in England or America.

Foreign critics are not the only ones, I thought when I read that report, who have hard things to say about the ways that are dark and the tricks that are darker in commercial Japan.

Mr. Shimidzu's remarks about the Japanese enamelled ware seemed the most concrete sort of complaint to which to tie some casual investigation, so I planned a visit to the sort of place in Osaka that would be likely to be turning out goods of enamelled ware.

I was told that one of the most typical factories for the manufacture of enamelled ware was a comparatively small place, as factories go. From what I could learn, most makers of enamelled ware were producing their goods from comparatively small plants in Osaka.

That factory was not easy to find. The plant was housed in anything but up-to-date quarters. The proprietor was there. He was a rather young Japanese to have so extensive a business as his proved to be. He was tall, as Japanese go, quite dark, had a black moustache and very attentive, bright black eyes. He was a sharp chap, I could see that. He was what some of my own countrymen would call a real hustler. A little hard about the eyes, perhaps. A little hard, there. But a hustler.

He had four factories in all, he said. He could not speak English, so a Japanese I had re-christened "The Encumbrance" did the interpreting. Slow work it was, too. Transmission of ideas through such a medium is slow work indeed. Words were easy enough. The Encumbrance spoke English. But ideas were a different

matter. Ideas were not his long suit. I won through in time, though, by just keeping at it until I got home.

Three hundred and fifty hands were employed in his four factories, the proprietor told me. The plant I was visiting was his largest single one. He kept 150 employees busy there. I was in the littered cubby-hole of an office, crowded to suffocation by the half-dozen clerks, when he told me this. He was literally correct, I found, when we walked through the works a few moments later. But, for that matter, a man with those black eyes was likely to keep his workfolk busy. He was a hustler, sure enough.

"What sort of turnover do you have in the course of a year?" I asked.

"We will just run over the million yen for 1916, I think," was the reply.

Not bad, that. Over one hundred thousand pounds sterling worth of the cheapest sort of enamelled ware turned out in four ramshackle works, employing three hundred and fifty hands. Not bad, if it was correct. I think, from what I learned elsewhere later, that it was correct.

"For what market do you manufacture?" was my next question.

"The export market," the proprietor said. Most of his product went to China and to India.

I asked if his raw material, his iron, came from Japan. Sheet iron was an unknown commodity so far as The Encumbrance was concerned, apparently. I laboured long over that query. The answer was forthcoming readily enough, when the idea filtered through, eventually, to the manufacturer. No, he did not get any of his sheet iron from Japan. It all came from England when he could get the English article. Otherwise, from America. But the English sheet iron was what he depended upon, he averred.

We left the office and went along a narrow path between two walls of galvanised iron. The path was lumbered with piles of debris and material, which to my eyes seemed inextricably mixed.

We stepped over some of the closely crowded, seated packers and picked our way gingerly through piles of finished plates, bowls, and cups on which they were at

work. The packers were women, and girls, and babies. Some of the babies slept. One squalled. One tot of three or four was soberly helping his mother, or trying to do so. Many little girls, dingy with the dust and dirt, were in that department. They were of all ages, some not a day over ten years old, if indeed they were not younger.

The working hours were from six to six, with time off, which usually amounted to about an hour. Two days in the month were holidays. Sometimes overtime was worked. When there was a rush order to get through, the same staff were pushed a bit harder and worked a bit longer. There was no night shift. From what the proprietor said I judged a little scientific pushing increased the output, if the need arose, without any addition to the working staff. He was a hustler, a real, thorough, dyed-in-the-wool hustler, that chap. He could hardly have put any more hands at work in that plant without enlarging the premises. Every available nook and corner seemed to hold its man, woman, boy, girl, or mere kiddie, as the case might be.

The main room of the plant, if one might call it a room, seemed a sort of large shed. All sorts of processes went on there simultaneously. The ovens were there, and the presses, and the big tubs of white enamel and of blue enamel. The whole process from the very beginning to the very end could be seen without one having to shift about much.

All sorts of employees were engaged alongside each other. Here was a group of mere boys, wee lads, at the oven-side, naked as the day they were born, save for a tiny apron. Next came the girls around the colouring process. A method that seemed primitive indeed was in vogue there. Ordinary wash-bowls were going through the deft hands of a pretty Japanese girl of about eighteen, who was colouring a vast number as the minutes slipped past.

A question or two about wages showed that the subject was not one on which the proprietor was going to wax enthusiastic or particularly communicative.

A few things I did learn, nevertheless. Wages in that factory had dropped since the war began. In some of Japan's industries wages had risen. Not so in the plant of

the man with the nervous, quick black eyes. He was paying less wages than formerly. Why? Because the price of raw materials had risen. Did the workpeople object? No. The black eyes snapped. They were paid sufficiently well, as well as other similar plants paid their hands. The average wage? That was hard to say. Wages ran all sorts of ways in such a business. How low? Say 15 to 20 sen (about threepence-halfpenny to less than five-pence) per day. Some of the workers were very young to be paid much. Top wages? Varied, the top wage. One man got as much as 1 yen and 50 sen (over 3 shillings) a day at times. He was the man at the primitive hand-press. He was a good hand. What did the girl whose hands worked so deftly at the colouring get? She was paid by piece-work. Some days she made 30 sen (just over seven-pence), some days as much as 40 sen (slightly under ten-pence). She was a good girl.

I watched her as we talked. She was swift and seemingly tireless. Certainly she did not learn that sure, rapid proficiency in a short time. Thirty to forty sen a day! Sevenpence to tenpence for an eleven-hour day! She earned it.

Supervision of the output? Ah, there I struck a real obstacle. Neither The Encumbrance nor the proprietor had the remotest idea what I meant. I never got that query thoroughly home to them. But in my floundering about in an effort to get at the bottom of the matter I discovered that it was no one's business in that plant to worry his or her head about the quality of the work, save for the ordinary supervision that each man or woman, girl or boy, gave to the integral units they might happen to handle. Most of them passed the pieces through their hands with sufficient rapidity to make unseen flaws a matter not by any means to be wondered at.

One thing I did not see. I saw no one plugging the holes with lead. To have spent sufficient time to do that would have increased the cost of the article alarmingly, I should say. I think no one would bother about a little thing like a hole in that works, certainly not to the extent of an elaborate repair. But I could not expect to pick up the finer points of the business by a flying visit such as I paid.

The rapid-working, clever-fingered girl that seemed such a valuable asset to the place, the girl that made the sevenpence to tenpence a day, interested me far more.

She was a hustler, too, in her way, just as much as the boss of the show. But, of course, no one in Japan would be likely to think of that.

She was only a very humble unit in Japan's industrial army.

There are many more where she came from.

That is her chief trouble, though, fortunately for her peace of mind, no such ideas ever enter her pretty head, or are likely to do so.

Maybe it is just as well.

Who knows?

CHAPTER XXXVIII

JAPAN AND THE WAR IN 1916

ONE of the most profound impressions the traveller in the Far East in the year 1916 inevitably absorbed, if his eyes were open, was the small extent to which Japan realised that she was at war.

Mr. Ozaki was Minister of Justice in Marquis Okuma's Cabinet.

"I would like to know how you gentlemen who composed the Okuma Ministry explain or excuse the Japanese Press campaign aimed so virulently against the British and the Anglo-Japanese Alliance," I once asked Mr. Ozaki.

Half a dozen Tokyo editors, in discussing that campaign with me, pooh-poohed the idea that it was a very general or a very significant one. I learned better; later I learned that every Englishman in Japan who is worthy of the name felt the stab in the back, as one called it, when Britain was fighting for its life.

The campaign was general. The Press of Tokyo, with perhaps one or two exceptions, joined in the hue and cry with a will. Well informed men in Japan who are not disinclined to speak are quick to condemn that campaign. Baron Hayashi in Peking said very marked things in condemnation of it when I mentioned it and the hurt it had done Japan. These men who condemned it, too, said the Government of the day, the Okuma Ministry, should have stopped it. Such men as Baron Hayashi, for instance, flouted the idea that the Government was in any way powerless to deal with the matter.

Hayashi was very scornful when he spoke of the lack of control exerted over Japan's Press in time of war by the Government in power. When I told him that Viscount Ishii, Okuma's Foreign Minister, had given me the impression, in discussing this very matter, that the Japanese

Press could not be kept in too close leading-strings, Hayashi again spoke very frankly and very scornfully of any Government, in Japan or elsewhere, which could not control its Press rigidly in time of war.

I knew no Press is more subject to Government control than the Japanese Press. I was sure there was something in the often repeated statement that orders are given to the Press of Japan, not only to keep off a given subject at times, but at others to howl loud on some trail the real power of Japan may point out to them.

"You are a fair man, Mr. Ozaki," I said. "You were a very prominent member of that Okuma Cabinet. I want to get at the truth, so I want to ask you straight out for it. I do not mean to be rude. I am seriously in search of information I think very important in its bearing on future Anglo-Japanese relations."

Mr. Ozaki had somewhat encouraged me to speak frankly by his own frankness about the matter of the Five Group Demands on China. He said that though the inception of those Demands was unquestionably the work of the Military Party, who insisted upon them, Viscount Kato and himself, with his other ministerial colleagues, having once bowed to the pressure and fathered the Demands, must stand boldly forward as the men responsible for what he admitted was a great mistake.

As to the Anti-British Press campaign conducted in Japan during the war, when it was over and gone the Japanese seemed anxious that it should be forgotten as speedily as possible. I had great difficulty in getting Japanese men of standing to explain it to me. They tried to minimise it. Two of the best known editors in Japan gave me very clearly to understand they had not been mixed up in it, and afterwards I learned that both had had a hand in it. One of them had been a leader of it, in one sense.

So I said: "Mr. Ozaki, what was the real reason for the outbreak against your ally in the midst of so serious a struggle? Why did the Government allow it? You were one of the men who must have discussed the matter at the time. Why did the Government of Japan turn the Press of Japan loose for free, critical, unfriendly, and, before it was ended, virulent comment on the document

upon which the very foreign policy of the Empire of Japan is supposed to be founded?"

It was after dinner. We were quite alone, Mr. Ozaki and I. I must confess to a sort of feeling that here was my chance. That anti-British Press campaign had fairly floored me when I had probed into it a bit. Sinister minds pointed to the fact that the time when it began to cool down coincided with the gradual turning of the tide of war, the slow dawn of the realisation, even among the most pro-German elements in Japan, that Japan was allied to the side which was going to win, not lose. My view is not so sinister as that, but I am bound to admit the pro-German element in the Japanese Army had the argument much less its own way after the German Army had been proved to be unable to break the Western line. Nothing gave me more joy than to tell a group of Japanese staff officers in Port Arthur, at a tiffin given me there, that the British soldier, individually, had proven the actual superior, as a military unit, of the German soldier. I might add that nothing could have caused greater surprise in the group save what followed, which was a careful substantiation of my statement, with chapter and verse in plenty. It was as good as a play.

Mr. Ozaki is no jingo. Nor is he a military man. He is an honest politician. That is not a joke. Honest politicians are quite possible, even in the Orient. The more men like Mr. Ozaki that come to the front of affairs in Japan the firmer will Japan cement her place in the comity of nations. The sooner will she make real advance along the lines that count. That is why I was so anxious to hear what Mr. Ozaki would say about the anti-British Press campaign. Before I gave him a chance to answer, I thoroughly covered the ground with a long query. My plan was to cut out possible branch lines and side shoots, to kill reference to smaller subsidiary issues and get Mr. Ozaki right down to bedrock at the first.

He wasted no time in minimising the matter or qualifying it.

"The Okuma Ministry took the following view," he said. "It is a very serious thing indeed to muzzle the Press of a nation, particularly on a subject that is very prominently in the minds of the people, unless the very existence

of the nation itself is at stake. Stifling discussion in the Press may work as much harm as it does good. It is only when the life of the nation, its very existence, as I put it before, is threatened that a Government is justified in arbitrarily smothering its newspapers."

Mr. Ozaki went on to explain that Japan was a long way from the scene of the fighting, that she had only participated in what might be described as a mere rearguard action in Kiouchau; that no real call had been made upon her people for sacrifice; that on the contrary the war had proved a wonderful boon to them; in short, that Japan was, in one sense, "hardly in the war at all."

That was undeniable enough. The reason the Japanese Government did not stop the anti-British campaign of the Japanese Press was that no crisis was felt by Japan, because she was not fighting for her life, her existence. England was fighting for her life. England was Japan's ally, too. But Japan was not fighting for her life. Right there was the rub.

I saw the west and the north of England in 1915, before either had fully awakened. I saw Australia and New Zealand in 1916, and I saw Japan in 1916 as well. The Japanese were truly a long way from the fighting. They heard relatively little of what England had done. England could blow her own trumpet, sometimes, without too much loss of dignity and to very good effect. Japan might easily have been better informed as to something of what England had faced and what England had gone through during the first two years of the conflict. But that was not England's way. I, for one, do not blame the average Japanese man in the street, or his Oriental equivalent, for his ignorance.

But the people of Japan are not its Government. Less than five per cent. of Japan's population have the franchise. The Government is a different matter. What it knew of events that had transpired at the front did not so greatly matter. It knew what Great Britain was fighting for. It must have known. It knew England was at death-grips with the greatest military power the world has ever seen.

Yet, in spite of that knowledge, the Okuma Cabinet considered that the life of Japan, the very existence of the nation, was not at stake. That is what Mr. Ozaki said.

He was Minister of Justice in that Cabinet. He is one of Japan's leading public men.

"It is only when the life of a nation, its very existence, is threatened that a Government is justified in arbitrarily smothering its newspapers." Those were Mr. Ozaki's words. And the newspapers were not smothered.

That is a commentary on Japan's viewpoint in connection with the part she may be expected to take in the world, the standing she would fain have among the nations.

Japan was never in the war, really. Not thoroughly, heart and soul. Not only is that true of the Japanese public, but of its Government as well.

At least, that was true under the regime of the Okuma Government.

The Okuma Government died in 1916.

CHAPTER XXXIX

BRITAIN'S EMBARGO ON SHIPMENTS OF HOSEYER

IN the autumn of 1916 Great Britain decided that some regulation must be made as to what sort of goods filled the bottoms of ships that were carrying goods to England from various quarters of the globe. Two things had to be considered.

First, space in ships was of great value to the nation. Naturally, every square foot available was greatly sought after. Much space was found to be occupied on some ships with goods that England could well do without in time of war. Neutral bottoms were hardly under the orders of the British Admiralty, even when London-bound. How could the matter be regulated? By prohibiting the importation into England of the goods that were not required, thus leaving more of that precious shipping space for the goods so urgently needed.

Second, the output of certain factories in England and Scotland had to be stopped. The business end of the industry had to bow before the nation's sterner needs. No more making of goods for sale to the public. Never mind how much loose cash burns the pockets of the munition workers at times. They will need their surplus cash before the end. The nation may need it, who knows? Never mind business now, or profits, or keeping the trade long years of work have captured. The life of the Empire is in the balance. The country needs your plant, Mr. Manufacturer, to make things needed for the successful prosecution of the war. That is the way the British Government had to talk, at times, I imagine. Anyway, many a factory had to work for the Government and let business of other sorts go by the board. That we all know.

Is it therefore unreasonable that a time came when the Government, which the manufacturer had obeyed with

heart and soul, saw that foreign goods were coming in, duty free, to England and Scotland and selling where the home manufacturer used to sell, and saw that a great injustice was being done to that or this industry thereby? Can one imagine an American manufacturer, keen as American manufacturers are reputed to be, who would think Great Britain had no right to stop the foreign goods from coming in and competing with the British manufacturer whose hands the Government had tied? Right is right, and fair play is fair play the world over. At least it is so the English-speaking world over.

Out of this regulation of Britain's own home affairs by her own Government came an embargo on the shipment of hosiery into England. Hosiery meant, in this connection, all sorts of woven cotton goods.

The cotton spinning and weaving industry, remember, is by far Japan's largest organised commercial and industrial group.

The increase and advance in the cotton industry in Japan since the commencement of the war had been stupendous. Fortunes in this line were being amassed in Japan by comparatively small concerns. The big fellows were raking in the shekels hand over fist.

A report was published in Japan in November, 1916, that gave the figures of Japan's import and export trade for the first nine months of that year.

Compared with the first nine months of the year 1915, Japan proved to have enjoyed great prosperity indeed. Her imports had increased 39.5 per cent. and her exports had made the colossal gain of 54.4 per cent. The actual value in yen of the increase for the 1916 period over the 1915 period was no less than 269,450,000 (nearly £27,000,000). Japan's actual turnover in foreign trade for the first six months of 1916 exceeded by over 300,000,000 yen (over £30,000,000) her average twelve-months' turnover of foreign trade during the previous ten years.

And the cotton industry? It was, to use an Americanism, on top. From January to September, 1916, Japan exported 56,721,000 yen (say £5,670,000) worth of cotton yarn, 40,763,000 yen (£4,076,000) worth of cotton textiles, 22,235,000 yen (£2,223,000) worth of cotton

hosiery underwear, and 7,189,000 yen (£718,000) worth of waste cotton. The figures showed an increase in the export of these lines over the period from January to September, 1915, of 10,246,000 yen (£1,024,000) worth of cotton yarn, 14,370,000 yen (£1,437,000) worth of cotton textiles, 15,219,000 yen (£1,521,000) worth of cotton hosiery underwear, and 3,507,000 yen (£350,000) worth of cotton waste.

Boiled down, these figures meant that the cotton industry had shipped from Japan's shores well over four million sterling pounds' worth of cotton goods in the first nine months of 1916 in excess of the amount of similar goods shipped away during the first nine months of 1915. That was evidence in plenty of substantial prosperity.

"Exports of cotton hosiery underwear to Great Britain increased fivefold," the official Japanese report said, "and there was also a considerable increase in exports to British India, Dutch Indies, Australia and South Africa. This fact led to the increase of yen 15,000,000 (£1,500,000) in the total export.

"The increase of yen 14,000,000 (£1,400,000) in cotton textiles was due to increased exports to China, India, the South Seas and Australia. After June, 1916, the export trade to these places underwent a particularly large increase. There was also a considerable advance in prices.

"Increased exports to China and India were responsible for the increase of yen 56,000,000 (£5,600,000) in cotton yarn. The increase in shipments to India was due to the increased demand for Japanese cotton yarn as a substitute for the British product, of which the supply was insufficient owing to the war."

This shows quite definitely that up to the time that the British Government decided to put an embargo on the importation into Great Britain of cotton hosiery there was little to worry the Japanese cotton industry.

In the second week in November, 1916, the embargo was made. In a letter written to the *Kobe Chronicle* by an English resident of Kobe, a gentleman interested in the importation into England of Japanese hosiery, the following appeared :

"We hear nothing about the failure of the delivery of Japanese cotton goods against contracts for other markets,

contracts made some considerable time back, and the excuse still given by all manufacturers that they have no material for making up, so cannot help being months late over deliveries. Yet in many instances the material needed is exactly the same as that used for orders from the United Kingdom. Many makers have such goods on hand now, goods manufactured really against recent orders from England which the manufacturers could and ought to deliver against old contracts, prior ones. But experience teaches that continual worrying for the stuff is fruitless.

"When fresh orders from other markets are offered to the Japanese cotton manufacturers, they one and all claim to be so very busy on goods for the United Kingdom and Russia that they can only make new contracts at ridiculous prices. While buyers willing to pay such high prices are about, others can whistle for goods long overdue."

That letter epitomised a point of view of which I heard much, and which was undeniably based on fact.

The specific inconvenience of the embargo on hosiery was one of the very first inconveniences the war imposed upon Japan.

An insight into the real attitude of the Japanese of the manufacturer type toward Japan's great ally, England, and toward the Alliance that binds the two Empires together, can be gained from an examination of this embargo question.

When the British Government put a ban on the importation into England of cotton hosiery, the cotton industry of Japan set up a howl from which it might have been imagined that the hosiery manufacturers were forthwith faced with inevitable ruin.

Meetings were held at once in several quarters. Chambers of Commerce, generally of comparatively little use in Japan except in such instances, and then a convenient medium for transmitting grievances, became suddenly active.

I was in Osaka, busy visiting cotton mills.

I was in the middle of all the fracas, for Osaka is the centre of Japan's great cotton spinning and weaving interests.

I heard much wild talk.

Japan has had the habit for many years of pursuing a peculiarly paradoxical propaganda as the basis of its treatment of its industrial element. On the one hand the Japanese Government has taken to itself much of the commercial and industrial opportunities of the Island Empire and its dependencies and appurtenances. On the other it has adopted a policy of wet-nursing its business men to an extent that has, in more than one instance, defeated its own object. Continual molly-coddling has tended to make the Japanese business man in the abstract a very poor business man indeed.

Keeping its business men in a sort of glass case made of continual Government protection, ever-readiness on the part of the Government to wrap its business world in cotton-wool and ward off all foreign competition from it wherever possible, has resulted in inculcating in the Japanese industrial magnate, as well as in the smaller Japanese business fry, a blind belief that the moment they run up against an obstacle their first move must be to go crying to the Government, for all the world like some small boy that has stubbed his toe and starts, with loud lamentations, for the protection of his mother's skirts.

The manufacturers of hosiery in Osaka and Tokyo met in solemn conclave when the embargo on cotton hosiery was declared by Great Britain, and called loudly, in unison, and unanimously to the Japanese Government to communicate at once with the British Government and "insist" that the British Government remove the embargo forthwith, at least in so far as the Japanese were concerned.

I wish I could have taken down and reproduced verbatim the speeches made in Osaka, at the biggest meeting of hosiery manufacturers that was held. The only translation of the actual words used, that I can quote, was typical. The meeting passed a resolution declaring that the action of the British Government "ignores the friendship due to an ally and inflicts considerable losses on the commerce and industry of Japan." The same resolution called openly upon the Japanese Government to "insist upon the British Government countermanding the prohibition."

One omission in all that harangue, as reported to me,

one omission in the agreed resolutions that so arbitrarily demanded that Japan should insist that England should do as the Japanese wished, struck me very forcibly. Not one word was spoken, not one line was written in all the voluminous resolutions, that gave the slightest inkling that the Japanese sympathised with Great Britain in her struggle for her life.

In a country where so much stress is laid on the outward form of politeness, that alone should have been the father of a suggestion that it was only courteous to England, as an ally of Japan, to throw in some reference, however empty and really meaningless, to the great struggle in which Great Britain found herself. But no. Not a line. Not a word. The Japanese simply did not think of it, I suppose. They were so engrossed with their shekel-garnering that nothing else mattered. That was the bald truth of the matter.

It was a real international picture that this agitation of the Japanese hosiery manufacturers threw on the canvas. England was on one side, her trade hard hit and in some instances wiped out for the duration of the war; her industries busy working for the War Office or the Munitions Department or the Admiralty or in some way brought out of their ordinary channels of operation; her wealth being poured out in bucketfuls; the best of her young manhood being robbed of its life or hopelessly maimed or shattered; the whole Empire wrapped in the great objective, fighting for posterity, fighting for humanity, fighting for the progress of Civilisation and the ultimate triumph of God and the Right.

The other side of the picture showed Japan. Japan was one of the combatants, too, in the great world struggle. Japan had lined up with the nations that were fighting for high ideals. Japan was in the war. True, Japan was only beginning, at the end of 1915, to think about forming some sort of an Enemy Trading Act, but Japan was one of the Allies. Did she not take Shantung from Germany? Was she not bravely and boldly holding on to it in the face of the awful attacks of the Chinese newspapers? Did she not patrol the Southern Seas with her navy? Of course she did. Did she not convoy the Australian troops? I know she did. Was she not holding a few valuable

little beauty spots in the Pacific that were once under German rule but never would be again if Japan could help it? She was. And from the look of things she intended to see to it that those little details of her work would become such a habit before the end of the war that she would keep right on holding those isles of the Southern Seas, and Shantung likewise.

Japan's trade had increased by reason of the war as it would not have done in ten or twenty years of peace. Her workshops hummed. Her workpeople had never been so busy. Her specie reserve had increased enormously. Her foodstuffs had not gone up in price. Her merchant marine had managed to increase, instead of decreasing, in spite of the fact that she was an enemy of the Power with the submarines. The losses of Japanese life in the war had been infinitesimal. The losses of anything else besides life had been equally infinitesimal. Advantage had been given to Japan to enter markets where her mediocre business men would have never gained a foothold in all time save for the war. Germany held at bay by the British Navy, the British manufacturer with his hands full at home, what an opportunity for Japan!

Thankful? Not much.

Appreciative? No evidence of appreciation.

Generous? On the contrary.

Nice picture, was it not?

Japanese manufacturers of hosiery insisted that their Government should sweep aside the British wall to their goods, the wall that barred those goods out of England. But walls around themselves have been built, and not in war-time either, by the Japanese manufacturers, or by their Government on their behalf. No foreigner can compete against the pampered Japanese manufacturer in his own land, except under very peculiar circumstances. The Japanese Government even goes farther. It tries to make it impossible for the English manufacturer to compete with the Japanese cotton goods manufacturer in Manchuria, where Japan has solemnly pledged herself, time and again, that she will see that equal opportunity is given to English and Japanese and the business men of all other nations.

Business men and manufacturers are prone to feel

through their pockets all over the world. But what of Japan in the abstract? What of her prominent men who are not business men? What of her horde of professors who are so ready on all occasions to rush into print? I can tell about the professors. The six Associated Chambers of Commerce in the Kwansai district which was one of the nuclei of the agitation had the advice of the professors of the Imperial University at Kyoto. That advice was in favour of agitation. What of Japan's newspaper editors? What of her army men? Surely it might have dawned on them that Japan was at war, that Japan was an ally of England, that England was fighting for her very existence and that all business matters must remain in abeyance to the winning of the war!

But no. Not a word was said in the Japanese Press which would give the casual observer, or the close watcher, for that matter, any inkling that all Japan held one single Japanese who sympathised with the English point of view, with England's stern necessity.

As Robert Young of the *Kobe Chronicle* said: "I can only wonder what meaning is attached in Japan to the word Alliance."

CHAPTER XL

PROSPECTIVE INDUSTRIAL CONTROL FOR JAPAN

THE Japanese industrial and commercial world found a champion in Count Terauchi. Terauchi believed in pushing on the commercial prosperity of the country without respite.

Toward the closing days of November, 1916, the Associated Chambers of Commerce held a conference in Tokyo. The British embargo on cotton hosiery was the chief topic discussed. The conference marked the conclusion of its labours by a luncheon.

After the luncheon came the speeches. The Japanese are great hands at speech-making. The first speaker at this particular function was Mr. Nakano, President of the Tokyo Chamber of Commerce, and chairman at the luncheon.

Naturally enough, Mr. Nakano's mind was full of the hosiery matter. He talked at some length about it, without adding much to the general knowledge concerning the subject, and finally concluded as follows :

"The relations of the Government and the Chambers of Commerce are something like those of a doctor and a nurse tending a patient. Whatever opinions the nurse may have, she has no power to act without the consent of—and support of—the doctor. It is a grave situation that confronts us. It is one that will affect vitally the national economy and may mean unemployment for hundreds of thousands of workers."

In 1913, the year before the war, Japan's total exports were yen 632,000,000 (£63,200,000). The proportion of that amount that went to Great Britain totalled but yen 32,000,000 (£3,200,000). Great Britain was getting less than five per cent. of Japan's exports when war broke out in Europe. In the same year, in 1913, Japan exported 88,000,000 yen (£8,800,000) worth of textile fabrics,

about 26,000,000 yen (£2,600,000) worth of clothing, and no less than 276,000,000 yen (£27,600,000) worth of cotton yarn, thread and other cotton materials.

Thus before Britain's hands were tied by the war Japan was sending annually from her own shores about 390,000,000 yen (£39,000,000) worth of cotton goods, including textile cotton yarn, textile fabrics and cotton clothing, while her total exports of all classes of goods to Great Britain were only worth a matter of yen 32,000,000 (£3,200,000) all told.

Even in 1915 the total exports of cotton hosiery underwear from Japan to all parts of the world did not far exceed a value of yen 10,000,000 (£1,000,000), and for 1916 would not reach yen 30,000,000 (£3,000,000).

Yet the President of the Tokyo Chamber solemnly declared at a luncheon at which Japan's new Premier was the guest of honour, and incidentally down for a speech, that the British embargo on cotton hosiery meant a prospective loss of employment for "hundreds of thousands of workers." Japan had, before the war, no export trade with England in cotton hosiery to speak about, and even in 1916 her exports of cotton hosiery underwear did not exceed £3,500,000 in value to all parts of the world.

Mr. Nakano was, in my opinion, indulging in what might be called imagery of speech.

Count Terauchi spoke in reply.

"We are doing all we can," the Premier said, "to remove this obstacle to the development of the nation's foremost industry. We can clearly see the grave economic and sociological results that may arise. The Government will see that proper steps are taken in the matter.

"In regard to questions arising out of the commerce of Japan," continued Terauchi, "Unity must be the watchword. It is not alone individual interests that are at stake. The interests of the State will also be vitally affected by the trade struggle that will follow the war. We must spare no efforts to obtain satisfactory results for Japan."

What a chance Terauchi missed! How well it would have sounded if he had put in a few trite sentences about

winning the war first. What an opportunity he had to say something about the sympathy the industrial men of Japan should feel for the less fortunate industrial elements in the Allied Nations in their hour of trial.

The Russian Government, too, placed, in 1916, an embargo on the shipment into Russia via Siberia of various products and commodities grouped under the heading of luxuries. While Japan's export trade with Russia was less than yen 10,000,000 (£1,000,000) before the war, it exceeded yen 90,000,000 (£9,000,000) in the year 1915. Russian policy in waiving Customs dues on such Japanese importations as matches, sugar, and fish was accepted with a welcoming smile by Japan. Russia's decision to prohibit luxuries, as a war measure, however, was met with a frown.

The Tokyo *Nichi-Nichi*, which some people call the *Daily Mail* of Japan, spoke its mind on this subject, editorially, as follows :

"It is a great pity that while the kinds of goods that enjoy immunity from Customs are few in number, many descriptions of merchandise are subject to the veto recently proclaimed by the Russian Government. The productive industrial concerns in this country received a strong impetus by the recent development in Japan's trade with Russia, and have consequently made very extensive expansion, so that the sudden prohibition of imports by Russia may prove a hard blow, and some of these concerns will have to be shut up.

"The Japanese authorities cannot, in reason, sit with folded arms in the face of the very embarrassing situation confronting Japanese traders at home and Japanese merchants resident in Vladivostok."

No sympathy for the Russian point of view stirred the bosom of the *Nichi-Nichi*.

"Is there no evidence," I was asked by a gentleman from India, "that the Japanese are beginning to see that there are two sides to such wholesale protection and subsidisation of Japanese industries of all sorts?"

I saw one sign. The confectioners in various parts of Japan were trying to effect an organisation. They wanted to commence a campaign for the reduction of both the

import duty and the consumption tax on sugar. More than one hundred representative confectioners met in Tokyo and formulated their initial demands. They asked for a reduction of no less than 50 per cent. on each duty. They argued that such a reduction in the duties would result in the retail price of sugar in Japan dropping to a figure which would be about 30 per cent. of the existing price. A big drop, that. Formosa produced the bulk of the sugar for Japan. The Japanese Government took the stand that the high import duties that assisted the Formosan sugar-people were necessary. They were imposed, the Government alleged, to protect Formosan sugar against foreign sugar, not to tax the sugar for revenue to the Japanese treasury. The Formosan industry still needed protection, argued the Government. Not so, said the confectioners. Formosan sugar was produced, they averred, in such quantities that not only could the demand in Japan be supplied, but sugar was shipped from Formosa to China. If the Formosan sugar-folk would not lower the prices the duty must go, said the confectioners. When I left Japan in 1916 they were still talking, and the duty was as high as ever.

But it was a start in the right direction, nevertheless.

It was a start, but the way is long.

I prophesy that Japan will reap the whirlwind where she has sown the wind. Her infant industries of yesterday will control her one day.

The United States of America had a taste of that. Graft, big business, trust control, legislative crookedness, the triumph of the industrial organisations over the other units in the life of the State. Those things may all come one day for Japan.

The day Japan sees "big business" really in control will be a sorry day for Japan.

American crooked legislation in the interest of the money power and the industrial, commercial and manufacturing magnates was bad. Japanese crooked legislation will be worse, when it comes.

Long years passed before America could shake herself free from the folds of the tentacles of the octopi. A much longer time will Japan need to struggle to free herself, if she becomes thoroughly enmeshed.

For Japan has no labour organisations to help fight capital and no element to compare with the American farmer, who is America's anchor to windward. Japan has another handicap. She has no inherent, and all too little adopted, commercial morality in the heart of her business community.

CHAPTER XLI

ON COMMERCIAL MORALITY

WHAT do the prominent men in Japan in various walks of life think of the advance or otherwise of the Japanese commercial world along the road of business rectitude and commercial morality?

They differ but little, if one can judge their opinions from their utterances and writings.

I could see in 1916 a vast improvement for the better in the Japanese business man. I looked at him for the first time since 1900. To say that commercial morality from the Western standpoint had not increased markedly in those sixteen years would not only be unfair to the Japanese, but absolutely untrue.

In Manchuria and China I heard much of Japanese dishonesty. In Manchuria I found sterling foreign business men, men who were not by any means disinclined to look at the matter fairly, who said regretfully that they could not trust the Japanese merchants and commercial element generally.

I found foreigners like that in Japan too, but I also found English and American business men in prominent positions who were quick to say unequivocally and without reserve or qualification that the industrial and commercial leaders of Japan, the men who control the larger business concerns, are usually good, straight, business men. I probed rather deeply into this question in Japan. Those of Japan's commercial world who have experienced continual touch with foreign business houses of the right sort are well aware that a reputation for fair dealing is an asset without which one cannot go far when transacting business with the men of the West.

The majority of Japan's business men have hardly reached that stage, however. It is not to throw mud at Japan, the Japanese, or the commercial element in Japan

that I refer to this question. It is necessary to consider it if one is to be able to form any estimate of Japan's possibilities for the future.

The burning question of the hour in 1916 in industrial Japan, whether all of the Japanese recognised it or not, was the character of the foundation which industrial and commercial Japan was laying for the strenuous days of competition she would have to face when peace came again and the nations of the Western world turned their attention to the marts of the Far East.

The character of the individual Japanese business man, and his individual ability, were much greater factors in the construction of that foundation than most Japanese manufacturers with whom I came into personal contact in Japan seemed to think.

I have said that I saw evidences of Japan's progress along lines of moral rectitude as applied to commercial affairs. I may add that the ability, and the cleverness, and the industrious application to the finer points of business organisation that are sometimes attributed to the Japanese in general are much overdrawn. The Japanese have progressed much less along that highway than is thought by many observers.

Baron Shibusawa is the Grand Old Man of the Japanese world of business. He has done more than any other one Japanese to raise the standard of Japanese commercial transactions and of those who engineer them. In November, 1916, he gave an address after a bankers' dinner in Tokyo. He said : "When I returned from my tour in Europe in the early days of Meiji, after observing the progress in material civilisation in foreign countries, I made up my mind to do my best to transplant Western civilisation to Japan so that our country might overtake the West in the international race for progress. We have since devoted our attention to this end, and, I think, have partially succeeded."

After an enumeration of various lines of Japan's advance, Baron Shibusawa continued : "But although Japan's career has been marked during the last forty years by remarkable progress, opinions are divided as regards her future. I myself am inclined to regard Japan's future with pessimism.

"Notwithstanding great achievements in the field of material civilisation during the Meiji era, the moral culture of the Japanese people was sadly neglected during those years. The result is that they lag behind other countries in respect to moral culture and the work of character-building, and unless this defect is rectified it can hardly be said that Japan has made progress in the true sense of the term. The restoration of peace in Europe will bring in its train a great advance in moral as well as material civilisation, and it would be well for the Japanese to be prepared for the coming change. So long as the Japanese remain inferior to other nations in their moral culture they will not be able to hold their ground against such nations."

The aged financier was speaking on a very high plane. He drew the picture strongly to point the moral. As to his pessimism, he is more pessimistic than he might be under the circumstances. The question he raises is closely bound with that of the progress of Japan toward the right, not only in the business world, but in every phase of her existence as a nation.

The Tokyo *Hochi* hit one nail on the head in this argument when it printed the following leader :

"One of the causes for the debasement of the quality of goods exported from Japan in these days lies in the fact that the Japanese manufacturers conduct business on a small scale, each with very little capital conducting his business independently. Some of the knitted goods factories are conducted with a capital of only yen 30,000 (about £3,000), while the manufacture of shell buttons is carried on with a paltry capital of 200 to 300 yen (from twenty odd to thirty odd pounds). When so many different independent manufacturers produce the goods, each in his own way, it is not to be expected that the products will be uniform in shape, size and quality. Japan needs still to learn great lessons from the West in the management of industries."

The *Hochi* might further have mentioned that the class of men to which this small manufacturer belongs needs schooling as to its business morals. It is just this class that needs it the most.

Hold, though! The Mitsui Bussan Kaisha is the biggest business concern in Japan. While I was in Japan it was caught red-handed at the denudation of an extensive

area of State forests at Kongosan, Korea, one of the beauty spots of the world. Before the Mitsui Company had confessed to this act of deforestation the Director of the Japanese Forestry Bureau said in public, that "whoever is guilty of the shameful plunder should be brought to justice without mercy." The Mitsui Company was guilty, admittedly. It needed the timber for its adjacent mines, it said. It knew that permission to take it would be withheld, so it took the timber without asking. I was told on unimpeachable authority that the Mitsui Company had already appointed certain of its staff nominally to take the blame and pay the fine, should a fine be imposed. That such a contingency would arise, considering the power of the company, was more than doubtful. Peculiar moral viewpoint, that of the Mitsui Company!

Official condemnation of Japanese commercial crookedness, particularly as applied to export, is a frequent thing in Japan. In a speech made while I was in Japan by Mr. Nakashoji, the Minister for Agriculture and Commerce of Japan, he said :

"What is most important in the development of foreign trade is the securing of a good reputation for Japanese goods. It is a notorious fact that Japan's foreign trade has long been suffering from the inferior quality of goods made for export, and although successive Governments have done much to remedy this shortcoming, complaints are as frequent as ever. The promotion of commercial morality among Japanese merchants is necessary to improve the existing state of affairs. An organised effort should be made to effect this improvement. Japanese merchants are liable to be led into exporting goods of indifferent quality for the sake of the immediate profit, forgetting that the country's trade will thereby be adversely affected."

In September, 1916, the *Chugai Shogyo* of Tokyo commented editorially on the discovery by Russian merchants in Vladivostok that among consignments of Japanese matches from Osaka were several crates so packed that the centre of each case was empty.

"In official and private circles," said the Tokyo paper, "the argument has hitherto been advanced on various occa-

sions that the moral standards of Japanese merchants and manufacturers are very low, and that in some instances their actions are tantamount to theft. From time to time warnings have been issued to merchants to refrain from committing dishonest practices in the export trade, but the warnings have proved of no avail."

About the same time Count Yanigizawa returned from Tsing-tau, which Japan had taken from the Germans, and said in an interview: "Although there are sixteen thousand Japanese in Tsing-tau, there are not many business men who have sufficient capital and a sound enough reputation to establish trade relations in China. The civil Government should remain under military control in Tsing-tau, to stimulate Japanese commercial activity there."

That was one suggestion.

Another, which I heard frequently in Japan, was that a governmental inspection office should be established for all exported goods, a sort of clearing or conditioning house. I saw a very trite article on this subject from one of Tokyo's most prominent business men. In his article came the inevitable denunciation. "Japanese merchants themselves are often dishonest," he said. "If the market price of raw material rises beyond the contracted price and before they have started delivery, they cut out the orders. If they do deliver, they send goods much inferior to samples."

A Government clearing-house might deal with one phase of this problem, but hardly with both phases.

The only ray of hope for the future of Japanese industry and commerce is the ever-growing recognition in Japan of the true state of affairs and the seriousness of it. But I saw little or no evidence of any real grappling with this menace to Japan's future. Those who are preaching fear of Japan's domination of the industrial Far East would do well to ponder this. Given adequate and proper support and protection by his Home Government, the foreign business man in the East and the foreign manufacturer in his homeland need by no means despair of successfully competing with the Japanese commercial element, at least in our own times.

Co-operation, organisation, Government support to the extent that the Anglo-Saxon business man and manufacturer shall have a square deal in the East, will unfailingly yield results fully commensurate with efforts put forth in the Orient, so far as our day and the immediate future are concerned.

CHAPTER XLII

THE JAPANESE LABOURER AND HIS HIRE

“LABOUR will never organise effectually in our time in Japan.”

The speaker was a Japanese who had a right to an opinion on the subject. He employed thousands of Japanese men and women of the labouring classes.

A few days later I opened my Japan *Advertiser* in Tokyo and absorbed the following with my breakfast:

“*The Tokyo Jiji Shimbun* contains an editorial on behalf of labourers who are directly concerned in the manufacture of arms and war materials, from which the wealth of the capitalistic classes has been increased. While the capitalists who handle these goods are worthy of mention for services rendered to the country, the services of the labourers should not be forgotten. Owing to the war the prices of daily necessities have risen. The labouring classes are suffering from the rise. Under such circumstances it is natural for the labourers to complain of the meagreness of their wages.”

The *Jiji Shimbun* is one of the soundest and most influential papers in Japan. Its clientèle is drawn from the upper, not the labouring, classes.

A week later I read the following, appended to a report on a tendency toward a rise in wages in Osaka, published by the Osaka Chamber of Commerce:

“Hitherto, Japan has been considered a land where labour overstocked the market, hence cheap labour. But conditions are changing. Skilled labour is appearing, and the standard of the lower classes of workmen is being raised. The shortness of labour has induced many of the firms to employ agents to scour the provinces to collect men.

“Still the demand remains unfilled. This new state of affairs has brought about a new trend in labour organisation. Workmen have banded together, taking advantage of condi-

tions, and have adopted a method of collective bargaining, pressing upon their employers demands which have been successful. This is an interesting fact to a student of labour problems. The changes that are taking place to-day will have a great influence on the Japanese labour world."

To give an idea of the rise in the price of wages in Osaka and to show at what rate some departments of labour are paid in Japan, I append the table of figures compiled by the Osaka Chamber of Commerce. The table gives the average daily wages in sen for the second half of the year 1915 and for the first half of 1916 comparatively. For ordinary purposes of reckoning every ten sen may be taken as representing about two-and-a-half English pence :

Industry	Second half of 1915			First half of 1916		
	(Wages per day in sen)					
Refineries	51	...	...	57
Shipbuilding	78	...	...	82
Casting (steel)	63	...	...	69
Crucible	101	...	...	300
Cement	77	...	...	84
Bone work	70	...	...	92
Shell buttons	50	...	...	55
Shops	83	...	...	91
Harness	75	...	...	84
Arsenal	63	...	...	57
Arsenal (contract labour)	84	...	...	82
Mint	72	...	...	73
Textile	53	...	...	56
Knitted goods	46	...	...	69

The above figures, according to the Chamber of Commerce, represented the industries which have met a boom owing to the war. Wages had risen in all the industries in this list except the arsenal.

In the following list of industries, said the Chamber of Commerce, wages had risen purely because of the scarcity of labour of the particular sort required :

Industry	Second half of 1915			First half of 1916		
	(Wages per day in sen)					
Flour mill	32	...	...	33
Gelatine	25	...	...	35
Oil	30	...	...	32

Industry	Second half of 1915			First half of 1916	
	(Wages per day in sen)				
Hat manufacture	30	...	...	40
Net-making	47	...	...	58
Brick-making	58	...	...	59
Coopers	55	...	...	85
Parasol-makers	55	...	...	70
Painters	63	...	...	68
Bamboo-workers	60	...	...	93
Wood tube makers	70	...	...	80
Furnace hands	70	...	...	77
Cabinet-makers	70	...	...	95
Joiners	70	...	...	105
Embroidering	93	...	...	95
Tailoring	100	...	...	105

Finally, the Chamber of Commerce gave a list of industries in which the scale of wages had declined, instead of risen. The four most interesting out of this list were the following:

Industry	Second half of 1915			First half of 1916	
	(Wages per day in sen)				
Match works	45	...	...	35
Agricultural implements...	...	58	...	...	51
Can manufacturers	93	...	...	80
Dyeing	64	...	...	63

Explaining these exceptions to the general prosperity of the industrial workers, the Chamber said that the cause in the fall in the match and dye works was the high cost of raw materials. The decline in the agricultural implements rates was due to the low market price of rice, affecting the purchasing power of the farmers.

I took this list and a few Japanese newspaper comments upon it to the Japanese manufacturer who had said, "Labour will never organise effectually in our time in Japan."

We had a lengthy chat.

The Japanese Government does not allow the formation of labour unions, as such, in Japan. In 1916 a group of workers applied to the Japanese Home Office for permission to organise a trade union. The request of the group was refused on the ground that the applicants were "men

devoid of means, education and credit, and hence disqualified to form such an organisation."

Commenting on that subject, my Japanese friend said that the day might come when a sort of passive organisation of certain types of workers would be brought into existence by the demand for their services, but that he was sure that many, many years would pass before labour organisations in the Western acceptation of the term were seen in Japan.

"Conditions to-day are exceptional." That was the gist of his argument. "The farmers need men later than usual this year owing to the late harvest. Industrial expansion owing to the war has been phenomenal, of course, and the organisations for getting hold of the material from which factory and shop labour is made are anything but efficient. Some cases may have occurred where labour has bargained for something tangible and got it, but they are not general, by any means. You are going about the factories of Japan. Look into the matter for yourself."

I did, to the best of my ability.

I could find nothing that would tend to make one believe that the organisation of labour in Japan is likely of realisation for some time to come.

I spent hours talking, through the medium of interpreters of all sorts, with all sorts of Japanese labourers. I met some of the labourers outside of factory hours. They were not worrying much about labour organisation. They were for the most part not of the kind of folk to worry much about anything. It would take an exceptional speaker to stir up much of a commotion in Japan, if he held to the subject of the grievances of the working man.

The Japanese working man thought little about the new Factory Act. It was an Act compiled especially for him, which had come into operation on September 1, 1916. One man told me that it limited hours of labour to twelve each day. He thought that rather futile, I understood. His lot, iron-workers, did not work twelve hours per day, anyway. He had a cousin who worked at making silk stockings who worked fifteen. The Factory Act did not bother his brother, who made good money. Another Japanese working man said the Factory Act gave a man 170 days' wages if injured. It also gave his relatives 170 days' wages

if he were killed. That was much poorer compensation than his own employers customarily gave. He did not elaborate on the merits or demerits of the Act, but he was not keen on it. Many workmen I met never heard of the Act. Few indeed knew aught of its provisions.

If Japanese labour was about to organise, I could find no tangible evidences to that effect. If labour in Japan was on the move in that direction it was walking on tiptoe with its finger to its lips.

CHAPTER XLIII

TERAUCHI AND HIS PREMIERSHIP

COUNT TERAUCHI bears a name likely to be seen in print frequently during his lifetime.

What sort of man Terauchi is and how he became Premier of Japan, together with his statements in two or three interviews and a couple of public utterances made with an eye to the reproduction of his words in print, may prove of interest in years to come.

The power that made Terauchi Premier, and what that power has stood for in the past, must be known to the thorough student of Oriental politics. How far that power could mould Terauchi to its views, if such views should be in contradistinction to Terauchi's own, time alone could tell.

Viscount Motono, the new Foreign Minister of Terauchi's Cabinet, had returned to Tokyo from his post at the Japanese Embassy in Petrograd, but had unburdened himself of but little for publication as to his ideas or plans before I left Japan in the closing days of 1916.

In September I talked with the Okuma Cabinet members, who preceded Terauchi, about the possibilities of his Premiership. A wise Japanese friend, a noble statesman of the Choshu clan, to which Terauchi belongs, told me then that Terauchi was to be Japan's Premier before the snows again capped Fujiyama. Most men in Tokyo disagreed with that view.

After the October coup of the Genro, or Elder Statesmen, reminded Japanese Constitutionalism that it was a very different thing from the Constitutionalism of the Western world, and placed Terauchi in the Premiership, I met Terauchi and was able to form a personal estimate of the man.

I questioned and listened to dozens of informants from many walks in life as to the new hands on the reins of

things. Politicians, military officers, members of Japan's aristocracy, diplomatic folk, business men, journalists, professional men, manufacturers, Japanese, British, Americans, French, Chinese—I questioned many, many people and obtained views from many, many standpoints.

I kept the files of half a dozen newspapers and worked out a clippings bureau, with translations.

From all this I will try and piece out the story of Terauchi. It may be of value to those who would follow the trend of events in the Pacific in the coming days; days which may be full to overflowing of incident of international interest.

Much that I write may be reiteration of much that is common knowledge in the Far East, but I am anxious to draw a picture of affairs in the Pacific in 1916 in such clear outlines that no mere unfamiliarity with Oriental politics will serve to shroud the issues at stake or their importance from any man or woman of Anglo-Saxon lineage, who is willing to make a stand for that which the Allies have fought for in the theatre of war in Europe, the inalienable right of the weak nations to protection against the strong who would rob them of their sovereignty.

A principle that holds good in such measure in Belgium that Britain will wage war in defence of it cannot be denied to China so long as right is right and wrong is wrong.

It is to China the eyes of the world will one day turn. That day may not be far distant. Japan's attitude toward China and her actions in pursuance of that attitude are among the greatest factors for a right solution or a wrong solution of China's troubles. China herself has great responsibilities, but no less great may be the responsibilities of Japan in connection with China. Much depended on what Terauchi, as representing the power that placed him in the Premiership, might or might not do.

Difficult indeed would be the situation which could not be so successfully manœuvred diplomatically that a wide course could be steered away from possible armed conflict between America and Japan. No sensible faction in either country has ever wanted war.

But to argue that there exists no ill-feeling between Japan and America is foolish. Japanese and Americans

in the Far East like each other and each other's national characteristics no better than do the Japanese and the British in the Far East. Japan and America have more than one bone of contention which can be handled sensibly and the rough places gradually smoothed. But this cannot be accomplished by mouthing empty platitudes.

Let us be frank. Nothing is gained by fatuousness. It is but little less dangerous than foolish jingoism.

Preserve us from men of the Judge Gary type. Gary is at the head of the great American Steel Trust. He made a tour of the Far East in the latter part of 1916 and distributed platitudes with a lavish hand. He returned to America and kept up what he probably would describe as "the good work."

The two great fundamental truths that formed the burthen of his lay were, first, that neither did Japan want war with America, nor America want war with Japan in the broad sense, which means little when one gets beyond superficialities, and that Americans and Japanese should co-operate in the commercial and industrial development of the Orient. Concerning what that meant many men disagreed. The most prominent newspaper editor in Japan told me it meant that American capital should be invested in China, and possibly in Japan, under Japanese supervision and control.

"What!" I said in surprise. "Do you for a moment think that American capitalists will place their money in Japanese hands in China? Did what Gary said give you such an idea? Ridiculous!"

"Gary gave the impression repeatedly in Japan," was the reply, "and has given it in his speeches since his return to the United States, that Japan has the right to look on China as a fellow-Oriental state. We have a right to a Monroe Doctrine of the Far East. Gary can see that."

I helped demolish that editor's hopes that Gary would bring many Americans to such a point of view.

I am no apostle of yellow journalism and I wave no red flag. But I like to face facts squarely. No good ever came of a lavish application of soft soap to international matters. Such action only obscures the real issues. Most international troubles spring from international misunderstandings. The closer the West gets to the real truth of

what Japan is likely to do in the Far East in the years to come, the more readily we can follow the moves in the game.

If they prove to be right and proper moves naught will suffer, least of all the peace of the Pacific.

If they are wrong and improper moves, the peace of the Pacific may not be rudely shattered on the spur of the moment, but the foundation will have been well and truly laid for a future struggle of magnitude.

The man who would not have hoped in 1916 that the Terauchi Ministry would steer the right and proper course would have been worthy of condemnation.

The greatest difficulty lay in the fact that what might seem right and proper to Terauchi and to Japan might not seem right and proper to the rest of the world.

So in studying Terauchi, and the possibilities of his trend of action, one must study, too, the rights and wrongs of things in the Far East, from the Japanese standpoint as well as from an Anglo-Saxon one. One might find a difficulty in agreeing, at times, with Japanese ideas. But to appreciate them can work nothing but good.

A leader writer in a really responsible Tokyo morning newspaper, dealing with China, said in 1916, in so many words, that might was right. I heard army men in Japan say much the same thing. If Japan's national policy should, however unlikely such a consummation might seem, be moulded on some such lines, who in the Western world would see eye to eye with Japan?

I, for one, anticipate no such *impasse*, though I am fully aware that Japan and the West may not see Japan's ambitions, and her actions towards the realisation of them, in the same light.

Terauchi was, in 1916, the man of the hour in Japan. Be his hour long or short, a study of him while he is in the limelight is necessary to the close observer of affairs in the East.

For Terauchi was not only Japan's Premier. He was the nominee for power and place of the unseen force that directed the destinies of the Island Empire, the Military Party of Japan.

CHAPTER XLIV

THE COUP OF THE GENRO IN 1916

THE morning of October 4, 1916, saw Marquis Shigenobu Okuma Premier of Japan. Night found Field-Marshal Count Masakata Terauchi in the Premiership.

This sudden change meant many things.

Okuma, seventy-eight years of age, often called the Grand Old Man of the Japanese political world, was called in April, 1914, after years of retirement from active political work, to take the Premiership at a critical time. The Yamamoto Ministry had become deeply involved in an unsavoury naval scandal. Japanese politics seethed and boiled and bubbled.

Okuma was chosen by the Genro, or Elder Statesmen, a handful of old men who act as an advisory board to the Emperor of Japan. Okuma could not at that time be called a political party leader. The real party leaders were each involved sufficiently in the turmoil to be unable to command a majority in the Diet or in the country. So Okuma was chosen. The most powerful public political party at that time was the Seiyukai. It had the largest following in the Diet. Eight months after Okuma's appointment as Premier his continued clashes with the Seiyukai resulted in the dissolution of Parliament. May of 1915 saw a general election, in which Okuma won against the Seiyukai. About sixty days later, another of the ever-recurring Japanese political scandals was unearthed. The Home Minister was found to have resorted to open and flagrant bribery to secure the passage of a bill. He confessed, apologised, retired and escaped not only further punishment, but even further criticism on the part of the bulk of the Japanese people. But Okuma's Government easily weathered the storm and remained in office.

Okuma's two years odd of administration left Japan a participant in the great war in Europe, soiled her diplo-

matic record with the pressure on China of the Five Group or Twenty-One Clause Demands and negotiated a treaty between Japan and Russia, to the considerable advantage of the former Power.

Why did Okuma hand over the Premiership?

Okuma's letter of resignation to the Emperor gave a reason. He wrote, "Now I have reached an advanced age, and my health is declining and I fear I cannot fulfil the duties of my office longer. Nor do I deem it right for me to stand in the way of abler and better men."

That sounded reasonable enough for a man of seventy-eight years.

Viscount Kato said point-blank, in a speech at Sendai on November 12, that Okuma resigned for personal, not political reasons. It was because of the Premier's advanced age, Kato said.

It was on account of the very fact that Okuma's resignation was made on purely personal grounds, Kato continued, that the retiring Premier had a right to appoint his successor. This course had been taken by two Japanese Premiers previously, Katsura and Ito.

It was also taken by Marquis Okuma on the eventful October 4. In his letter of resignation to the Emperor he wrote: "I believe that Viscount Kato is a man of rich experience and rare ability, and in addition to these things he is backed by the confidence of Your Majesty's people. I humbly beseech Your Majesty to accept my resignation and to appoint Viscount Kato Prime Minister of Japan, as I am sure he would give his best services to the country."

But the Genro, that little group of old men, said "No."

The chronological order of events in Tokyo on October 4, 1916, was as follows:

At 10.30 a.m. Okuma waited on the Emperor. His resignation was tendered and accepted, with the resignations of his Cabinet Ministers and their underlings.

As Okuma bowed himself out of the Imperial presence the Genro went into session in the Palace. Four of them there were, old men all. Prince Yamagata, Prince Oyama, Marquis Matsukata and Marquis Saionji composed the quartet.

Before tiffin-time was well past the four had reported to the Emperor that their choice for Premier was not Viscount

Kato, whom Okuma had recommended, but Count Terauchi, a bureaucrat of the powerful military element, with Prince Yamagata at their head.

The Emperor at once summoned Terauchi to the Palace. A few minutes after three o'clock he arrived on the scene. His Majesty told him of the Genro's choice, offered him the Premiership and ordered him to form a Cabinet. By four o'clock Terauchi was on his way home, to start that night on the work that had been set to his hand.

Quick work, that!

In the old, slow, temporising Orient, too. It was no flash-in-the-pan selection, however. Simply the form of things went through in a hurry. The real scenes in the drama had been enacted weeks or months before.

Onlookers scratched their heads and asked, "Why did Okuma resign?"

Hugh Byas, the editor of the *Japan Advertiser* of Tokyo, summed up the situation in a series of pertinent questions as follows :

"The part played by Marquis Okuma raises a number of awkward questions. How did a lifelong fighter for constitutionalism and party government allow himself to be dished so easily by his old enemies? He prepared the way for Viscount Kato with care. Terauchi, by means of a manœuvre which is still obscure, got his chance in June, but nothing came of it. The coast having been cleared of the bureaucratic candidate, the Government parties unified themselves and organised the necessary majority for Okuma's successor. Finally, in his letter of resignation, Marquis Okuma formally recommended Viscount Kato. This was the step which seemed to prove everything was cut and dried, for before Wednesday who would have believed that Kato would expose himself to an open slight, or, alternatively, that the Genro, thus challenged, would publicly disregard the only course which was in harmony with the spirit of constitutional government?

"The fact that Viscount Kato's name was explicitly and formally put forward and was set aside in favour of a pure and simple bureaucrat makes the blow to representative institutions all the more deadly. But why should Marquis Okuma, the lifelong fighter for constitutionalism and party government, have retired without guarantees? He was under no necessity to resign. The troubles of his Ministry were no more formidable

than those of his successors are likely to be. His programme was uncompleted. While there was some grumbling no really serious discontent was exhibited with his policy. Why should a strong Government with a united majority be bundled out of office in the midst of profound political peace? Granting that he would have been beaten in the end, it was still possible to make a fight and to arouse the whole country to the defence of representative principles.

"Unless Marquis Okuma has some answer to such questions we must expect to hear more about those doubts regarding his sincerity which the *Jiji* and *Asahi* expressed on the day before the coup. Not the least piquant feature of the aftermath will be the explanation by the lifelong fighter for popular government of how, in the end, the pass was lost."

A week later Mr. Byas interviewed Okuma, the man "who was reduced to the rank of a private subject for no apparent reason."

"Through all Okuma's conversation," wrote Byas, "ran a thread of optimism which was hardly expected of a man who has been so severely snubbed as it appears Okuma was. But the one question of the day on which Marquis Okuma could shed some eagerly sought light went unanswered. When asked about the reasons for his resignation and why no fight against the power of the Genro was made by the champion of constitutional government, the former Premier diplomatically avoided answering by the simple expedient of talking about something else."

Mr. Byas's experience was my own. Not a word of definite information on this head could I get from any authoritative source in Tokyo.

The editor of the Tokyo *Jiji Shimbun* expressed great dissatisfaction with Okuma's attitude toward his defeat at the hands of the Genro. "I had expected that Okuma would fight for the development of party government," said Mr. Ishikawa, the editor of the *Jiji*. "If his recommendation of Viscount Kato was not accepted because of the interference of the Genro, he should have started to fight the Genro then and there. But he is doing nothing. I doubt whether he had any sincerity in recommending Viscount Kato to the Throne."

No wonder they all wondered. Naturally they doubted Okuma's sincerity.

Poor Okuma! He was made Premier by the Genro, the mouthpiece of the Military Party, which was the real power behind the scenes in Japan. He was ordered to do this and that during his couple of years of office and when ordered he obeyed. He had no real power. As to foreign policy, he had no word or hand in it. The Military Party dictated. He obeyed.

At the end he made an attempt to gain the succession to his office of Premier for his second in command, but probably knew full well he had but little hope of success.

Naturally he betrayed but little of disappointment thereafter.

Equally naturally, he wasted no time in running his aged head, which the years have robbed of most of its white hairs, against the stone wall of the hidden yet ever-present military power.

He had been under that power sufficiently long to know its extent and the futility of fighting it.

He hoped, as many men in Japan hoped, for a better day, when the passing of the years will have taken to their fathers that little group of reactionary old men.

"The Genro are a spent force," Okuma said. "Their power is waning with their physical strength, and while the Genro of to-day may be succeeded by other men who will bear the same title after they die, their political influence cannot be passed on. As a power in the politics of Japan they are rapidly approaching extinction."

"They are not gone yet, but they are bound to go. No matter how powerful they may have been in the past, their physical strength must fail them and their mental faculties grow less keen. After these men are dead their power will be dead also. Their power is personal and cannot be passed on; the influence of the Genro of to-day cannot be that of their successors. The Genro of the future will be of no more account than the Privy Council of England; they will merely reflect the glory of past greatness."

Unquestionably Marquis Okuma was right.

But "they are not gone yet."

There's the rub.

The man they had so arbitrarily chosen was Premier.

What could they not bring to pass before the close of their day?

Whatever the future might hold for Japan the end of 1916 saw her apparently bound hand and foot by the Military Party, particularly as regarded her foreign policy.

No, unfortunately, the Genro was "not gone yet."
But, on the other hand, Terauchi had come.

CHAPTER XLV

SIDELIGHTS FROM THE *ASAHI*

WHEN the Genro selected Count Terauchi as Premier in the face of Marquis Okuma's request to the Emperor that Viscount Kato should follow him as Premier, the Press of Japan fairly howled in protest.

Constitutional government, party government, the whole cause of political progress toward constitutionalism had received a hard blow.

That the political party system in Japan had been set back to the point where it stood a score of years ago was bound to cause some outcry.

Remember that the Press of Japan has ever been thoroughly controlled by the great power behind the throne, the Military Party. When a national policy was to be promulgated or assisted by concerted outcry or by silence, the fiat went forth, and to hear was but to obey on the part of the Japanese papers.

In an editorial, the *Osaka Asahi*, one of the most powerful organs of the Japanese Press, dealt thus with the subject of the assistance given by European newspapers to their respective countries in this time of war: "The Japanese papers also have helped Japan during the Chino-Japanese and the Russo-Japanese wars, are doing so at present, and will do so in the future."

The action of the Japanese Press as a whole in connection with the Five Group Demands from China; the anti-British and anti-British-Alliance campaign during the Great War; the first abortive movement to induce China to join the Allies; the British ban on Japanese and other foreign hosiery as a war measure; the beginning of an American non-political loan policy in China; and other equally interesting events of national importance showed how the Japanese Press came to heel when the masters cracked the whip.

But like wise masters, the Military Party in Japan never used the whip save in instances of real importance.

By howling at times the Press disposed of its surplus energy, and stimulated its own idea of its own importance.

Beside, the Military Party cared little for internal politics and internal policies. Why should it? It was at the head and could remain so, it thought, regardless of Diets, or parties, or majorities. It was at the head, as it was the real power, though not necessarily the incumbent of the fancied seat of power. Just as the Okuma Government was to some extent unfettered in its administration of Japanese internal affairs and utterly powerless and absolutely under the strictest orders as regarded foreign policy, the Press in Japan was dealt with in much the same manner.

I consider the Tokyo *Asahi* the best newspaper in Japan, at least from the standpoint of its leaders. Its editor, Mr. K. Sugimura, is a conservative, sensible man, who possesses brains. What influence the *Asahi* has with the rabble I do not know. Little, perhaps. But so far as the newspapers in Japan influence the political opinion of the better classes, the *Asahi* carries as much weight as any daily paper in Japan.

Before Count Terauchi was selected by the Genro as the Emperor's choice for Premier, but subsequent to Marquis Okuma's statement that the next few days would see his retirement from political life, the *Asahi* spoke as follows :

"There will be no peace until after a great hurricane in political circles. The cause of this storm is due to the conflict of old and new ideas of government in Japan. The new ideas stand for the upholding of the rights of the people, and the old for keeping the people down. Okuma stands for the new ideas and Terauchi for the old. While this conflict may not be avoided, it is regrettable that a few bureaucrats should be allowed thus to try to trample the will of the many. It is a dangerous thing for the nation."

The *Asahi* did not rush into print after the coup of the Military Party on October 4, 1916. But a few days later it came out strongly, but temperately, in opposition to the

new order of things. "The Genro," Mr. Sugimura's paper said, "are not recognised in the Japanese Constitution nor in the laws of Japan. The Genro are recognised by the Throne as the Elder Statesmen, who rendered good services since the restoration of the Emperor Meiji. But they should have no political power. The Premier is the chief executive of the nation. When the Genro, who have no place in the constitution, exercise so great an influence as they have done in appointing Count Terauchi Premier, a ministry which will be formed by that influence cannot be a constitutional ministry. If the leader of any political party in Japan tries to support the Choshu (Terauchi) Ministry, he will be an enemy of constitutional government." Thus reasoning, the *Asahi* predicted the dissolution of the Diet in the spring of 1917, and the subsequent defeat at the polls of the Terauchi Ministry.

A few days later the *Asahi* printed a leader, in which it dubbed the new Ministry a "House of Peers Ministry." The ministerial change, it said, meant in a way the defeat of the Okuma Ministry at the hands of the Peers. "On the whole," was its conclusion, "all this means a fight of the House of Peers against the nation. The nation should watch the developments carefully."

After Viscount Kato's snub at the hands of the Genro came the final moves in the game of organising into one body the three parties, the Doshikai, the Chuseikai, and the Koyu Club, which had each been a supporter of the Okuma Ministry and given it a majority in the Diet. The *Asahi* made some pertinent comments on the conclusion of this amalgamation. After a long history of the elements of the combination, the *Asahi* declared that the lack of confidence of the Japanese people in Japanese political parties was due to the lack of continuity in the policy of Japan's statesmen. The *Asahi* reviewed the statements of the party leaders and waxed pessimistic. It declared them indifferent to the appearance of the Terauchi Ministry, which consistency demanded they should fight to the death, and wound up thus: "The new party may some day surrender to the Terauchi Ministry, we are afraid."

Commenting on Terauchi's long-winded address before a conference of prefectural governors, the *Asahi* criticised the new Premier trenchantly. It protested that Terauchi

had enumerated many problems but had told how none of them was to be solved. "The Ministry," said the *Asahi*, "do not realise their constitutional responsibility to the nation."

The *Asahi*, Mr. Sugimura told me, stood for real constitutional advance in Japan and therefore could not look with friendly eye on Terauchi's advent as Premier.

But what of the *Asahi's* point of view on foreign affairs? I select three topics, each of which may be termed a bone of contention in the Far East. First, Japan's policy toward China; next, Japan's attitude toward the exclusion of Japanese labour from America; and third, Japan's feeling on the subject of the increasing tendency of American capital to find investment in the development of China's immense natural resources. What had the *Asahi* to say on such themes?

At the end of September, 1916, just before the Okuma Ministry resigned, the *Asahi* criticised the Government for its failure to secure certain benefits for Japan in China. All recent collisions of Japanese and Chinese troops in south Manchuria and eastern Mongolia, such as the Cheng Chia Tung incident, were tarred with the same brush. "In these cases," the *Asahi* said, "the Chinese soldiers, relying upon their numbers, attacked the Japanese guards or fired on the Japanese flag. Even several Japanese soldiers have been killed. The Chinese Government should by now have realised the situation fully. But unexpectedly it has twisted the facts, and the negotiations on those incidents have not been concluded as yet." This the *Asahi* flatly characterised as failure of Japanese diplomacy. That the Chinese were right and the Japanese aggressors wrong it would probably never believe. The *Asahi* once described the situation in China at the time of Yuan Shih Kai's death, and then proceeded to review subsequent events. "The Japanese Government," it said, "wished to help the North and South of China to compromise and to promote friendship between Japan and China. With that object in view, we refrained from insisting upon many things upon which we should have insisted."

Poor China! So she escaped *some* demands which Japan *might* have made, after all!

"But the recent political conditions in China," con-

tinued the *Asahi*, "show no sign of appreciation by China of Japan's efforts."

Efforts to what end? Efforts of self-repression and self-denial with regard to those further demands that might have been made by Japan at a time when all the rest of the world was too busy to bother?

Then this. The *Asahi* told of the two parties that existed in China, the northern group under Chang Hsun, and the radical members of the assembly. Premier Tuan Chi Jui and his colleagues were a sort of third party, at that time sitting on the fence. "So," the *Asahi* said, "there are three factors in China now to reckon with, as in Mexico. This is against the wishes of Japan. It is a great failure of Japanese diplomacy." So the fact that China was cursed with two contending political parties and a Government that tried to compromise with each group was Japan's fault. I confess the *Asahi* was a little hard to follow along that line. But the arrogance of its tone toward China and China's affairs was undeniable.

How did the *Asahi* look upon Japanese-American affairs? One might judge from a leader that appeared the day before Count Terauchi was made Premier of Japan. Baron Sakatani, a strong Terauchi supporter, was on his way home from the Allied Economic Conference in Paris. When in New York he gave a newspaper interview in which he said Japan was only waiting until the end of the present great war to reopen the question of America's treatment of the Japanese. Some member of the staff of the Japanese Embassy at Washington talked on this subject and supported Sakatani's view. Thereupon the councillor of the Embassy issued an official statement to the effect that the Embassy and the Japanese Government at home in Tokyo harboured no such intentions.

The *Asahi* voiced the opinions of the majority of influential Japanese in its leader on this subject. It rebuked the councillor of the Japanese Embassy in Washington for denying what Baron Sakatani had declared was the feeling of the Japanese. "Baron Sakatani," said the *Asahi*, "was right. He gave voice to the sentiment of the Japanese nation. That the Japanese-American problem must be solved in due course of time is a proper thing to say. The Gentlemen's Agreement was not a fundamental

solution. It was only a temporising method. The wish of the Japanese nation is that the two nations will come to a perfect understanding of each other, so that the issues pending may be solved satisfactorily to all concerned."

That sounds quite conservative, when compared with the statement of Baron Makino, when Minister of Foreign Affairs, in a speech to the Diet. Baron Makino said: "The Imperial Government have found the replies of the American Government not at all satisfactory and recognises the necessity of elaborating other plans for the solution of the pending questions. As regards the nature of such plans, the time to report them has not, to our regret, arrived." Baron Makino was a Choshu clansman like Count Terauchi, and when Terauchi became Premier of Japan seven men out of every ten in Tokyo predicted that Makino would be Terauchi's Home Minister. He did not actually join the Terauchi Cabinet, but was a strong supporter of it. So the *Asahi* seemed hardly likely to be much out of line with Terauchi on the subject of Japanese-American affairs.

Closely allied to the foregoing question was that of the investment of American capital in China. Japan had said it would be welcomed, with an "if." That "if" apparently was meant to be, "if it is placed in Japanese hands or under Japanese control for investment in China." In a long leader in November, 1916, the *Asahi* discussed the Siems-Carey Company's loan scheme for American construction of 1,500 miles of railway line in China, of which more anon. "The Chinese Government," said the *Asahi*, "is indeed very insincere in concluding such a contract, disregarding the already acquired rights of others. Although it is a good thing to build railways in China in order to help develop the civilisation of that country, yet the Chinese Government should be a little more careful in making railway contracts, always taking thought as to the already acquired rights of the foreign Powers before entering into any new contract."

That effusion from a Japanese newspaper, remembering the railways Japan proposed to construct in China under the Five Group Demands, was indeed indicative of the Japanese way of looking at Japanese foreign policy. To take thought of the already acquired rights of anyone else in China

would have been a good line for the *Asahi* to have suggested to the Okuma Government. To suggest that Japan should take thought for the rights of China itself would be more to the point.

The foregoing are a few sidelights on the tone adopted by the best and most conservative of Japan's newspapers. It was anti-Terauchi, in so far as the new Premier was chosen in defiance of what Western nations would term constitutional usage. The internal policy of the *Asahi* was clear on that subject.

Would the *Asahi* be likely to express a foreign policy at variance with that of the Terauchi Ministry?

If not, it would have to adopt new views.

CHAPTER XLVI

JAPANESE NEWSPAPERS ON TERAUCHI'S APPOINTMENT

THE Press of Japan, responsible or irresponsible, with the exception of a Tokyo rag called the *Sekai*, and Tokutomi's *Tokyo Kokumin Shimbun*, took up the hue and cry against the appointment of Count Terauchi as Premier in October, 1916.

The Press was ostensibly fighting for real constitutionalism for Japan and a recognition in Japan of the spirit of party government.

The *Yorodzu*, one of the half-dozen most influential papers printed in Tokyo, attacked Terauchi bitterly. It said editorially :

" Unless a man is acquainted with economic questions he cannot become a great statesman. Count Terauchi does not know anything about economic questions. The failure of Count Terauchi in economic circles has been proven in his administration in Korea. Count Terauchi robbed the liberty of the people in Korea. The fact that the Terauchi Ministry was recommended forcibly by the Genro forebodes ill for the future. Newspapers will be suppressed, the liberty of the people will be robbed, and the nation generally oppressed. The rise of the clansmen in power will hinder progress of constitutional government in Japan."

The *Yorodzu* in a later leader said :

" Count Terauchi professes to follow in the main the policies of the Okuma Ministry, except as regards diplomacy and defence. By diplomacy is meant the China policy. If so, the militaristic faction, with the Choshu clan as the centre, which has obstructed the China diplomacy of the Okuma Ministry in the past and caused many failures of that Ministry, will carry further its militaristic diplomacy. If that be done the antipathy between Japan and China will never be removed, and

the ills of the Orient will be increased. We maintain that the failures of our China diplomacy in the past were not due to the faults of the diplomatic officials, but to the faults of the militarists. The diplomatic officials have been overawed by the militarists, so that the latter were practically able to carry out their own selfish plans. The Terauchi Ministry now expects to conduct its China diplomacy from the War Office, since Viscount Motono, who does not know much about China, is to become the Foreign Minister. Viscount Motono is expected to do the bidding of the militarists."

A third editorial from the *Yorodzu* read thus:

"The personality of the Terauchi Ministry is of a very dangerous nature. Count Terauchi is known as an unconstitutional man. For years he brandished his sabre in Korea. The people are now afraid that he is about to flourish the power of the sabre in Japan. Baron Goto, the Home Minister, who may be considered the assistant Premier, is known as a man who goes astray. No one can tell what madness he will exhibit. Baron Den, Minister of Communications, was a mere bureaucrat while he was serving in the Government before. Ten years of idleness has made him wild, and he has become known as leader of intriguers in the House of Peers. As to Mr. Nakashoji, Minister of Agriculture and Commerce, the people throughout the country dread him. The appointment of Matsumuro as the Minister of Justice foreshadows judicial irregularities. The educational circles contracted their brows when Mr. Okada was made Minister of Education."

The *Yorodzu* kept up this strain at some length, culminating in this outburst:

"Some people call the new Ministry a Ministry of mad dogs, because the elements that compose it are all dangerous like mad dogs. Mad dogs should be tied with a chain. But now the Ministry composed of dangerous mad dogs is at large. There is no telling when and how and whom the mad dogs will bite."

I could not refrain from posting to the editor of the *Yorodzu* an intimation that Baron Sakatani had been offered the important post of Minister of Finance in the Terauchi Cabinet, and that Baron Sakatani had written

the following sentence for publication in Japan, over his own signature: "Militarism and nationalism will gradually increase in Japan as a result of the war in Europe, and therefore Japan ought to strengthen her armaments and plan to expand the Japanese race by means of force: in other words, to follow the example of Germany."

About a week after Count Terauchi was appointed Premier one hundred newspaper men met in Tokyo to demonstrate against the unconstitutionality of the Terauchi Ministry. Mr. J. Iwasa of the *Yorodzu* delivered the opening address. Mr. Susaki of the *Hochi*, the Tokyo organ of Marquis Okuma, was chairman of the meeting. Speeches were made by journalists from all parts of Japan, and resolutions adopted condemning the arbitrary over-riding of Japanese constitutionalism by the aged bureaucratic Elder Statesmen.

The *Hochi* was, of course, loud in its outcries against "the outrageous Genro" the moment Terauchi was made Premier. Many leaders voiced its injured feelings. The following is a sample excerpt :

"The Genro did not give His Majesty enough time to think the matter over, but demanded that an immediate decision be made on the question of the Ministerial change. They have insulted the intelligence of His Majesty. Such an outrage should not be permitted in this enlightened age. It is strange that the people do not rise against such an outrage. It shows a decline of reverence for the Emperor. The Genro have usurped the power and the prerogative of the Emperor. They must be annihilated."

Such vapouring worried no one, least of all the Genro.

The *Mainichi* of Tokyo was sharply critical of one of Terauchi's first speeches in which he dealt with his prospective policies. It found nothing new in Terauchi's expression. "Anyone may say them, and has said them," the editor of the *Mainichi* remarked. "I see in this," he continued, "that the Terauchi Ministry means to rule the nation despotically. The nation will go back to the despotic rule of the few." In another leader the *Mainichi* urged on the people of Japan to begin resolutely the attack upon the Genro and the bureaucrats.

The *Osaka Asahi* said :

"We consider Count Terauchi unfit to be an organiser of a Ministry. In Korea Count Terauchi blocked the way for a free Press. He oppressed the high-spirited newspaper men and bought weak-minded journalists, so that there was an apparent peace in Korea. What inconvenience and disadvantage the Koreans and the Japanese had to suffer during this period of six years of apparent peace is beyond estimate. When the Terauchi Ministry was formed, the Japanese in Korea were sorry for the home country of Japan, but they were glad that Count Terauchi had left Korea. Count Terauchi may have been strenuous during the six years of his administration of Korea, but he has not left any mark of services rendered for Korea save the record of police interference and hindrance of general progress."

The *Tokyo Jiji* was for constitutionalism and against Terauchi in a mild way. The fence apparently seemed a fine place to Mr. Ishikawa, its editor. The finale of one of his leaders supporting a fight for constitutionalism was lukewarm. Speaking of the Terauchi Ministry, the *Jiji* described it as "an exceptional thing." "But," was its comment, "flowers bloom in the fall as in the spring. There must have been circumstances which enabled the super-party Ministry to form itself, for no flower will bloom in the cold weather of winter. We shall watch and comment after the formation of Count Terauchi's Ministry."

Early in November the editor of the *Tokyo Asahi* summed up his attitude as follows :

"No matter how well-meaning the Terauchi Ministry may be in trying to give good government to the nation, they have erred at the start in point of constitutionality. So no amount of good they may do will be able to atone for the sin which they have committed against constitutional progress in Japan."

No fence-top for Mr. Sugimura, the editor of the *Asahi*. He stood by his guns, the staunch supporter of Viscount Kato's new party, the Kenseikai, the party in opposition to the Terauchi Ministry, that swore to leave no stone unturned to secure its downfall.

The *Chuwo* of Tokyo was so bitter against Okuma it could hardly batter Terauchi. Its leaders placed its editor

on the top rail with the editor of the *Jiji*. It mildly criticised Terauchi, but slapped at his vigorous detractors in this wise :

"The *Chuwo* does not like the term rebels as used by the critics of the Terauchi Ministry and applied to the Genro. It is not that the Genro are rebelling against the Emperor, but against Marquis Okuma, so the term rebels is a misnomer."

In a later leader the *Chuwo* said :

"We find no strong reason why an anti-clan movement need be started now, because the clan clique and the bureaucrats are now tottering to a fall of their own accord. The political parties have gradually come into power. A fight between the Genro and the political parties is bound to end in the defeat of the former. The political parties have come to realise their power, so that they are rather indifferent to the anti-clique movement, because they know that the clan influence will wane of its own accord without hindrance."

The *Chugai Shogyo* said it did not approve of the new Ministry in the main. "It is like a cherry blossom," said the editor, "blooming in the fall when it should bloom in the spring. The new Ministry looks rather poor, and does not promise a long life. But a child weak at birth may sometimes grow to be a strong man. So, if the Terauchi Ministry should work hard and earnestly, there is a possibility of its becoming a powerful ministry." Surely some of the other editors would have to make a space on the fence for the editor of the *Chugai Shogyo*.

The *Nichi-Nichi*, of Tokyo, characterised Count Terauchi as a very timid and careful man. "While he may be considered as a militaristic statesman at home," said the *Nichi-Nichi*, "in foreign affairs he takes a rather mild view. The Japanese are rather afraid that the Terauchi Ministry may be backward in China diplomacy." Anything short of rampant jingoism, regardless of morals or right, would be a mild policy toward China in the estimation of the *Nichi-Nichi*, however.

These quotations give a rough sketch of the stand taken by the most influential Japanese newspapers on Count Terauchi's premiership and the manner of his appointment.

The *Sekai* I have not quoted, nor the *Kokumin*. The *Sekai* was hardly worth quoting. It was a poor rag and its leaders were usually impregnated with dry rot. It declared in the beginning that Count Terauchi had the confidence of the nation. It was controlled by the Genro, whom it lauded to the Japanese skies. "The strength of the Terauchi Ministry," its editor wrote pomposly, "lies in the fact that the political parties are irresolute and indecisive. The super-party Ministry of Terauchi can do what it pleases because it does not need to consult political parties." The *Sekai* stumbled on a home-truth that time, and no mistake.

As to the *Kokumin*, that doughty journal, edited by the equally doughty Tokutomi, was clearly the accepted champion of Terauchi and his appointment.

CHAPTER XLVII

A SUPPORTER OF TERAUCHI

MR. J. TOKUTOMI, editor of the Tokyo *Kokumin Shimbun*, was to me the most interesting character in the newspaper world in Japan. He has become very prominent in Japan.

As an American I was the more eager to talk to Tokutomi after reading the following leader from his pen, which appeared in February, 1916:

"In speculating about the future, bearing in mind what has occurred in the past, my brain is always cudgelled with the question: Which side will England take in the event of a war between Japan and America? This may be a delicate question to ask, but nothing is more important than this problem, which remains for the Japanese to solve. Great Britain betrayed at the third revision of the Anglo-Japanese Alliance that she was ready to desert Japan for America's sake. Should this be pondered thoughtfully, it must be concluded that Great Britain's aid will not be of much use to the Japanese nation when a war with America has taken place. Probably, the British may not openly antagonise Japan in their support of America; but it is indisputable that to rely too much upon their help would be very dangerous optimism."

I am tempted to quote a few lines of comment on this leader of Tokutomi's, written by George Bronson Rea, the proprietor and publisher of *The Far Eastern Review*, the paper which Jeremiah W. Jenks calls "the most important serious publication in Asia." Mr. Rea said:

"The *Kokumin* is one of the most influential papers in Japan. This leading editorial was written at the time when the Japanese were promoting their mooted alliance with Russia. At that time, Japanese papers openly expressed the opinion that the Russo-Japanese alliance was aimed directly against

America. And remember that not merely a rigid police censorship, but a super-censorship aimed specially at all references or comments in regard to foreign policy, is strictly maintained by the Japanese Government."

When I had read the leader from which I have quoted, I thought : "Evidently friend Tokutomi has held consistently to his policy, a policy that ever keeps in mind a possible future collision between Japan and America. To his way of thinking such a conflict is in the international wind, scheduled for 'one day' to come." I had laid away an excerpt from the *Kokumin*, another editorial by Tokutomi, which appeared not many years ago. It read thus :

"We doubt whether relations with America can be improved by the present methods of shaking hands and exchanging cordial compliments. In answer to Japan's complaints against injustice to her nationals, America merely sends over messengers to tell the Japanese how much America loves them, a policy which is evidently futile. The friendship of the two nations cannot be preserved for any length of time on a basis of discrimination. If America really cares for friendship with the Japanese she should accord them equal treatment with Europeans. So long as Japanese are subjected to discriminatory treatment in any part of the United States, there is no hope of any permanent friendship between the two nations."

George Bronson Rea wrote an article in which he quoted this leader of Tokutomi's which so trenchantly discussed Japanese-American relations. Right alongside it Rea put what he termed an illuminating comment, culled from *The Japan Monthly* of August, 1914. That comment ran thus :

"Australia is a British Colony, but its geographical position and the temper of its people hold the country in closer touch with the United States than with its fatherland, says the *Kokumin*, and a federation of ideas and communications between Australia and the United States seems to have been effected. Whatever is proposed in America is copied by Australia, and in following in the footsteps of America, Australia totally disregards the sentiment at home."

Presumably, "at home" meant in England.

"So the people of Australia passed a law barring Asiatic labour from its shores, after the United States had effected it. Our diplomats deal with any problem that occurs in Australia through the Foreign Office in England; this is proper, indeed, but they should not forget the fact that all questions affecting Japanese in Australia can be traced to the United States, and unless a fundamental solution is made with America, no satisfactory result can be expected by direct negotiations with Australia through the British Foreign Office."

To put Mr. Tokutomi's opinions properly before the reader, I quote him once more, this time when speaking as a Japanese to the Japanese :

"It is deprecatory," said Tokutomi, "for Japanese subjects to emigrate to foreign countries and change their nationality by naturalisation. Japan is one of the rising nations of the world, and it is the height of absurdity that Japan should send out many able youths as emigrants to foreign lands. After all, the average Japanese transcends every other people of decadent nations, in respect of ability and talent."

The first time I met Tokutomi, Okuma was Premier, and Tokutomi was a trenchant critic of Okuma, his Cabinet, his policies, and anything, apparently, that had to do with Okuma. Tokutomi laughingly described himself to me as Okuma's candid friend.

Then came the day when Okuma's resignation and retirement was announced. "If the Okuma Ministry resigns," wrote Tokutomi, "it will only enable it to put a lid on its own shame." Further, Tokutomi declared that "the cause of the resignation of the Okuma Ministry lay in the failure of its diplomacy and domestic administration." Tokutomi slated Kato and put on him the responsibility for starting the diplomatic failures of the Okuma Ministry. "If a Kato Ministry be formed," said Tokutomi, "Kato must be prepared to meet a formidable opposition."

Thirty-six hours after that article was on the streets of Tokyo, Kato had been overlooked by the Genro and Terauchi was Premier. The next day the leading article of the *Kokumin* put Tokutomi on record as to his view as to the constitutionality of the action of the Genro. That state-

ment was rendered interesting from the fact that its tone was subsequently adopted by more than one leader of Japanese thought. It read thus :

"Regarding the political change which took place recently, many conflicting opinions have been advanced. But the strongest thing is that those who had held the opinion that the Imperial Japanese Constitution is not a British Constitution, nor a German Constitution, but a constitution of the Japanese Empire, have now completely changed their position, and are maintaining that unless a Ministry in Japan be formed in a British fashion it is against the Japanese Constitution. The *Kokumin Shimbun* stands for a definite principle regarding this question. We were unfortunate in not being able to agree with Marquis Okuma in fundamental principles, but there was one common ground between us and Marquis Okuma—namely, that the Japanese Constitution should be interpreted in a Japanese fashion, not in a British fashion. The supporters of Marquis Okuma disregard the Japanese Constitution and try to hold up the British practices as the rules for our political conduct, and say that, unless it conforms to these British rules, anything done will be unconstitutional. If they change their nationality and become British subjects their contention may hold good. But so long as they are Japanese subjects, they should be blamed as the enemies of the Japanese Constitution if they disregard the Japanese Constitution and bow before the British Constitution."

So Tokutomi, stern old reactionary in many ways, pleased to the ground to see the Military Party assert its power, in due course of time became the avowed champion of the Terauchi regime. Not only did Tokutomi defend Terauchi, but he championed the manner of Terauchi's selection and appointment. In so doing Tokutomi served the useful purpose of mentor to his colleagues of the Press of Japan, who were for the most part howling, some of them, perhaps, only murmuring, but almost all protesting in some wise, over the blow which the Genro had dealt to what they thought was constitutional government. Tokutomi chose to enlighten the nation as to just what form of government Japan has to-day. He did this by printing a series of articles, interesting and informative, on the constitutional prerogatives of the Japanese Emperor.

Tokutomi was undeniably right when he laid such stress on the fact that the Japanese Constitution is a very different thing indeed from the British Constitution or, he might have added, from any other constitution that ever pretended to be a constitution which gave a people the franchise or anything like it.

CHAPTER XLVIII

WHY TERAUCHI'S APPOINTMENT WAS CONSTITUTIONAL

WHILE I was in Tokyo I was the recipient of a thoughtful gift from Baron Tsudzuki in the form of an essay, entitled, "Some Reminiscences about Our Constitution. By Order of Marquis Ito." This essay was written at Marquis Ito's dictation, and contained many statements in which he used the first personal pronoun.

Early in the 'nineties, Marquis Ito came to London. Baron Tsudzuki, then plain Mr. Tsudzuki, was with him. I met Tsudzuki at that time, when he acted as secretary to the Marquis, and was present at an interview I had with Ito on the subject of the Constitution of Japan.

The essay above referred to was written in 1904. From it I gained some additional side-lights on the Japanese Constitution. The more one studies the actual form of the government of Japan the better one can gauge just how much and just how little the various elements that go to make up the Island Empire have to do with the policies of Japan.

I have shown that when Count Terauchi was made Premier, in absolute defiance of the recommendation of Marquis Okuma that Viscount Kato, the leader of the majority in the Diet, should be his successor, most of the Japanese newspapers declared that the selection of Terauchi was unconstitutional.

It was not unconstitutional.

Terauchi's appointment as Premier was not only quite in keeping with the Japanese Constitution, but the real power of Japan made him Premier.

The selection of a Premier in Japan may not in itself be a very vital matter to the outside world. But the fact that the real power in Japan is an arbitrary power, that does not need to take into consideration certain factors of public

opinion that must be taken into consideration in the Western world, is of very vital interest to other nations.

No man who studies Japan can fail to take cognisance of the increase of men of broader views among the Japanese. The cause of government by the people for the people in the East would seem, at first glance, to be proceeding apace so far as the Japanese are concerned. Such slaps in the face as the Genro gave to the spirit of constitutional government in Japan when Terauchi was made Premier, however, give one serious pause. The Military Party was, in 1916, the absolute dictator of Japanese foreign policy. In this connection, then, the power given it by the Constitution of Japan is a matter of prime importance.

Marquis Ito's essay on the adoption of a constitution by Japan started with a survey of the conditions in Japan sixty years before. The awakening of Japan to the fact that international intercourse was a necessity and that she was not prepared for such intercourse, the realisation that the annihilation of the feudal system and its autonomic fiefs must come, and that the Imperial power must be restored to its ancient vitality, Ito dealt with in due course.

Ito gave the following as the two cardinal points that were considered by the Emperor as the keynotes of his policy :

(1) That the people, a mere mass, at that time, of governed units, should be developed, individually, to a higher standard of perfection and of civilisation.

(2) That they should not remain a passive element in the State as before, but should combine and actively co-operate in a solid and compact organisation for the attainment of the common weal.

Ito referred to the solemn oath taken by the Japanese Emperor in 1868, at the beginning of his reign, that his aim was the most broad-minded education of the people, and the government of the country on the solid basis of national volition and co-operation. One of the early evidences of this was the adoption of compulsory military service in 1873. "Other important measures," said Ito, "of a similar nature were adopted step by step, all tending to make the people participators in the common work of fulfilling our national mission." Along this line, the

Marquis dwelt on the spirit animating the Japanese soldiers in the Russo-Japanese war, which was then in progress. "Even the simplest soldier," he said, "has full consciousness, confidence and intense interest in the national mission and the national destiny. It is not the mere defence of his hearth and of his nearest kin against hated neighbours or hostile races: it is the conscientious fulfilment of a duty toward the body politic of which he feels himself to be an organic and living unit."

The result Ito considered impossible for attainment under an absolute monarchy, and on that point he considered the Imperial policy had shown itself to be a brilliant success.

In March, 1882, the Japanese Emperor ordered Marquis Ito to work out a draft constitution to be submitted for his approval. Ito at once started for Europe with a staff of young men from Japan's best families. They spent eighteen months visiting different constitutional countries and studying various forms of government.

"It was evident from the outset," said Ito, "that no mere imitation of foreign models would suffice. There were historical peculiarities of our country which had to be taken into consideration. For example, the Crown was, with us, an institution far more deeply rooted in the national sentiment and in our history than is the case in other countries. It was, indeed, the very essence of a once theocratic state, so that in forming restrictions of its prerogatives in the new constitution, we had to take care to safeguard the future reality or vitality of these prerogatives, and not to let the institution degenerate into the ornamental crowning-piece of an edifice. At the same time, it was also evident that any form of constitutional regime was impossible without full and extended protection of the honour, the liberty, the property and the personal security of the citizens, entailing necessarily many and important restrictions of the power of the Crown."

The feudal nobles, shortly before real reigning powers themselves, had to be considered. Ito made a point of the fact that it was not the people who wrested constitutional privileges from the Crown, but the Crown who gave the privileges as a free gift. The whole social fabric and the family system in Japan had to be considered. One

group contained elders who believed that any attempt to restrict the Imperial prerogatives amounted to something like high treason, while another held juniors who were ultra-radical in their conceptions of freedom. Ito had to steer a middle course.

While the Privy Council (the Genro), under the presidency of the Emperor himself, deliberated on Ito's first draft of the constitution, "in spite of the existence of a strong undercurrent of an ultra-conservative nature in the council and also in the country at large," said Ito, "His Majesty's decisions inclined almost invariably toward liberal and progressive ideas."

Again before the close of his essay Ito laid stress on what he considered the evidence of the success, after sixteen years of working, of the constitution he had drafted. The popular sentiment in favour of the prosecution of the Russo-Japanese War—as he put it, "the strong and intensely united public opinion that supports the executive department"—was so much in Ito's eyes that it dwarfed all else. He closed his essay thus: "I have merely tried to touch upon certain reminiscences of the past which may tend to illustrate what was our object in adopting a constitutional form of government."

After reading the essay carefully, the impression left was that the constitution was given to the Japanese that they might act together offensively as well as defensively, rather than that they might participate in the government of their land.

The following is from the preamble of Japan's Constitution:—"When in the future it may become necessary to amend any of the provisions of the present constitution, WE or OUR successors shall assume the initiative right, and submit a project for the same to the Imperial Diet. The Imperial Diet shall pass its vote upon it, according to the conditions imposed by the present constitution, and in no other wise shall OUR descendants or OUR subjects be permitted to attempt any alteration thereof."

That leaves no doubt as to where the sovereignty rests in Japan. Ito saw to that when he framed the constitution. The people of Japan had no more to do with the sovereignty of the State after they had been granted a constitution than before. Ito not only saw to that, but

he elaborated on it in his "Commentaries on the Constitution of Japan," published at the time the constitution was published.

The *Japan Advertiser* printed some of the Articles of the Constitution in October 1916, with Marquis Ito's notes in explanation. The notes gave more than ample excuse for the following comment:

"Most of the Japanese newspapers are attacking the recent action of the Genro (in appointing Terauchi Premier instead of Kato) as unconstitutional. The word constitutional has for years been constantly misused by the Japanese Press. The action of the Genro was constitutional, yet, strange to say, the Genro do not derive their power through the Constitution, nor does such a body as the Genro exist constitutionally. They were the consequential development of a constitution which created an absolute monarchy with all the exterior forms of a representative government. The Press and the politicians in Japan either do not realise, or do not wish to realise, that it is the Constitution itself that stands in the way of what they misname constitutional progress. The Constitution is never attacked, or a change is never even suggested. There has been nothing unconstitutional in the manner of appointment of Count Terauchi as Premier, though it is against the spirit of constitutional government as understood in Western countries. It was a reactionary movement in the development of representative government in Japan. Any progress toward true representative government must necessarily be in violation of the Constitution of Japan unless it is the idea of the politicians and statesmen of Japan to develop their representative progress and rights through the establishment of precedent. With a definite written constitution that provides for almost every conceivable emergency, the path of progress of such development must necessarily be a difficult one."

CHAPTER XLIX

ON THE JAPANESE CONSTITUTION

ARTICLE 1 of the Japanese Constitution provides that "The Empire of Japan shall be reigned over and governed by a line of Emperors unbroken for ages eternal."

"By reigned over and governed," wrote Marquis Ito in his "Commentaries on the Constitution of Japan," "it is meant that the Emperor on His Throne combines in Himself the Sovereignty of the State and the government of the country and of His subjects."

Article 3 of the Constitution states that "the Emperor is sacred and inviolate." Marquis Ito's comment in explanation of this is peculiarly Japanese. He says, "The Sacred Throne was established at the time when the heavens and the earth became separated. The Emperor is Heaven-descended, divine and sacred; He is pre-eminent above all His subjects. He must be reverenced and is inviolable. He has, indeed, to pay due respect to the law, but the law has no power to hold Him accountable to it. Not only shall there be no irreverence for the Emperor's person, but also shall He neither be made a topic of derogatory comment nor one of discussion."

Through the Constitution of Japan the Japanese Emperor exercises the legislative power, the executive power, and the judiciary power. The Emperor convokes the Imperial Diet, opens, closes, prorogues, and dissolves it. When the Imperial Diet is not sitting, Imperial ordinances may be issued in place of laws. The Emperor has supreme control of the Army and Navy, declares war, makes peace, and concludes treaties; orders amnesty, pardon and commutation of punishments.

As to the Ministers of State, the Constitution of Japan, Article 55, says: "The respective Ministers of State shall give their advice to the Emperor and be responsible for it."

Ito's commentary on this Article indicates his intention in framing it. "When a Minister of State errs in the discharge of his functions, the power of deciding upon his responsibilities belongs to the Sovereign of the State: he alone can dismiss a Minister who has appointed him. Who then is it, except the Sovereign, that can appoint, dismiss and punish a Minister of State? The appointment and dismissal of them having been included by the Constitution in the sovereign power of the Emperor, it is only a legitimate consequence that the power of deciding as to the responsibility of Ministers is withheld from the Diet. But the Diet may put questions to the Ministers and demand open answers from them before the public, and it may also present addresses to the Sovereign setting forth its opinions.

"The Minister President of State is to make representations to the Emperor on matters of State, and to indicate, according to His pleasure, the general course of the policy of the State, every branch of the administration being under control of the said Minister. The compass of his duties is large, and his responsibilities cannot but be proportionately great. As to the other Ministers of State, they are severally held responsible for the matters within their respective competency; there is no joint responsibility among them in regard to such matters. For, the Minister President and the other Ministers of State, being alike personally appointed by the Emperor, the proceedings of each one of them are, in every respect, controlled by the will of the Emperor, and the Minister President himself has no power of control over the posts occupied by other Ministers, while the latter ought not to be dependent upon the former. In some countries, the Cabinet is regarded as constituting a corporate body, and the Ministers are not held to take part in the conduct of the government each one in an individual capacity, but joint responsibility is the rule. The evil of such a system is that the power of party combination will ultimately overrule the supreme power of the Sovereign. Such a state of things can never be approved of according to our Constitution."

The man, Japanese or foreigner in Japan, who speaks of a blow being administered by the Genro to party

government, had best read over those two last sentences once in a while.

Less than five per cent. of the population of Japan have the franchise, but even should the franchise be extended to the remaining ninety-five per cent., so long as Japan rests under her present Constitution the Japanese would be just as far from having what we of the Western world would term constitutional government.

The absolute sovereignty rests with the Emperor.

The Emperor of Japan is advised by the Genro, a handful of aged, reactionary statesmen controlled by the figure of Prince Yamagata, the head of the Military Party of Japan and the father of the Japanese Army.

The policy of Japan's military growth was laid down by the late Emperor Meiji. It is no more subject to revision by his successor and his successor's subjects than is the Constitution. The theory has been expounded by more than one of Japan's public men.

One has much to choose from in illustrating this point, for many articles have been written on this topic. The building up of the Army and Navy in Japan has been proceeded with on a scale out of all proportion to her wealth or any possible defence projects. Defence has been the reason given for the hectic expansion of Japan's military and naval strength by some Japanese, but not by all.

Japan's budgets are instructive as to Army expenditure. In 1893 17,000,000 yen was appropriated. Ten years later this had risen to 60,000,000 yen. Another decade saw it grown to 116,000,000 yen.

In a country where the average wage of the common worker is not more than a shilling per day, and the cost of his staple food, rice, is high, the national taxes work out at nearly 20 per cent. of the per capita income, or at least did so prior to the European war. Army expenditure plays a big part in this condition of things, and Navy expenditure a bigger one.

When in Japan I saw quoted the following speech of the Japanese Minister of Justice, in answering criticism directed against the National Defence Commission: "The Naval programme of 350,000,000 yen (£35,000,000), and the Army expansion bringing the strength up to twenty-five divisions, are both unalterable, having received the

sanction of the late Emperor. The National Defence Commission is powerless to introduce any change in these standards."

With this was given the words of Rear-Admiral Suzuki, Vice-Minister of the Navy and a member of the National Defence Commission: "The Commission does not propose to discuss the fundamental plans of defence works, as they were definitely set and sanctioned by the late Emperor, and no one can alter them."

The Emperor Meiji had bold plans for defence. One frequently sees reference to a notable message he issued in a proclamation concerning the Navy Building Fund in 1893, in which he said, "With regard to matters of national defence, a single day's neglect may involve a century's regrets. We shall economise the expenses of the household, and shall contribute during the space of six years a sum of 300,000 yen (£30,000) annually."

Marquis Okuma was supposed to be the chief apostle of peace in Japan. He was, according to some of his American admirers, always to be found with a nice white dove resting tranquilly on his shoulders. He was President of the Japan Peace Society. He was, however, a strong advocate of arming well while he talked to the pacifists about the millennium. One of Okuma's speeches contained this: "Armament, that most vital question of a nation, cannot be neglected even for a day, for the sake of diplomacy."

I will overlook the hundred and one statements that continually appear in print in Japan which might make one think that Japan's military policy is not altogether defensive. We all have jingoes.

But the real power in Japan lies with the Military Party, nevertheless, and if one of the Military Party in Japan is asked, he is more than likely to admit that his taste in birds runs to eagles, not to doves.

It would be well, for Japan's sake, if the more broad-minded element in the country had more to say about the conduct of Imperial Japanese affairs.

Fortunately, that element is gaining ground, slowly but surely.

CHAPTER L

FIRST DAYS OF TERAUCHI'S PREMIERSHIP

COUNT TERAUCHI, after his appointment as Premier, lost but little time in making public utterance as to his prospective policies.

Terauchi was reputed to be a man who held the Press in but little esteem. Again and again he was accused of throttling the Press of Korea. More than one editor made forecast that Terauchi's premiership would mean less freedom of the Press in Japan itself.

On the day following his official inauguration, however, he gave a Press luncheon at his official residence and took the occasion to read a carefully prepared speech to the journalists.

A fortnight after this, the new Premier delivered a lengthy address to a conference of the prefectoral governors of all Japan. This, too, was read from carefully written manuscript.

The prophets had generally concurred in the opinion that the Terauchi Ministry might more than likely prove to be a militaristic ministry aiming at conquest; that it would discriminate in favour of Russian-Japanese co-operation as against the Anglo-Japanese Alliance; and that Terauchi himself, being a bureaucrat and a soldier, would be sure to follow the diplomatic policies held by the Military Party in Japan.

On the occasion of the luncheon that the Premier gave to the Press representatives his statements were of a very general character. Emphasising the fact that it was no time for idleness and comfort, and declaring that he had accepted the premiership with great diffidence, Terauchi continued: "The Empire now faces a situation demanding strenuous and serious exertion of all its people. At home we have to effect reforms in all departments of

national life and nourish the resources and strength of the country.

"Abroad we should make it our supreme object to maintain our faith with Foreign Powers and be strictly fair and upright in all our dealings with them. The nation must face all its troubles and difficulties in union and harmony, with a view, on the one hand, to place the fortunes of the Empire on a foundation solid and unshakable, and, on the other, to secure the peace of the Far East for all time."

Terauchi spoke of his own unworthiness, a customary Oriental observation, and gave his solicitude for "the future destiny of the Empire" as his reason for dedicating himself to the Emperor's service "in obedience to the clear and straight path indicated by the Constitution."

All that was orthodox and commonplace enough. One journalist who was present told me that he could gather little from Terauchi's words, but much from his manner. The new Premier was direct and forceful in his way of speaking, and a firm hand on the reins of government seemed promised by his evident force of individual character.

The Opposition Press in Japan cried loudly that Terauchi had said nothing as to the policy or the platform of the new Ministry. Some papers declared Terauchi had neither policy nor platform beyond a determination to rule as the Military Party saw fit by means of military power pure and simple. The *Kokumin*, supporting Terauchi, sagely suggested that the new Ministry should at once turn its attention to solving such financial problems as the restoration of the annual sinking fund of 50,000,000 yen (£5,000,000), toward paying off the huge national debt of Japan; the restoration of a special accounts bureau; and the changing of the Government railways to a universal broad gauge.

The *Japan Advertiser* found a somewhat sinister under-current in the speech. "To secure the peace of the Far East for all time to come," undoubtedly expressed the determination of the Terauchi Government to secure in the near future a definite settlement of the problems between Japan and China, whatever they might be, either

by force, through diplomacy or through attempts by both means. This construction was placed on the phrase quoted because of its similarity to the oft-repeated Japanese slogan, "to maintain the peace of the Far East," which was so frequently heard when Japan was striving strenuously by means of the Five Group Demands to wrest something of China's sovereignty from her in 1915.

The argument of the *Advertiser* was worthy of notice. The object which was in the minds of the Genro in forcing Terauchi into the premiership by a decidedly retrogressive action was a mystery. The Genro faced public indignation in Japan and aroused foreign comment to forecast a harsh Japanese policy toward China. A hard fight for party government was expected from Okuma and his followers, but they retired in silence to their tents. All this pointed to the fact that the Terauchi Ministry was an admittedly and intentionally irregular one, a special Ministry created with a special and specific object in view. One could only surmise what this object might be.

"It may be," said the particularly well-informed journalist, whose opinions were set forth at the greatest length on this point, "that after two years of futile attempts through diplomacy to force what the Premier likes to call the settlement of the peace of the Far East for all time to come, the solution may now be sought in a more strenuous manner. If this should be the case, it may also be that Japan feels that the war is drawing to a close and that further delay may be costly since present opportunities may not offer themselves in the near future. It may also be that there was an understanding between the past cabinet and the Genro that party politics will be permitted to resume their normal activities when the special purpose of this cabinet is fulfilled.

"Surely the selection of Count Terauchi by the Genro, the method of his appointment, the determination to seat him in the face of all opposition, the peculiar make-up of the present cabinet, the unusual silence of Marquis Okuma and the other members of the retiring cabinet, the utterances of the Premier, Count Terauchi himself, and the singleness of purpose as outlined by him, are all indications that the present cabinet is not a regular one in the

political development of Japan. Whether or not these indications are such as to lead to false surmises on our part, the not distant future will reveal."

It is fair to say of that writer's opinions that they were held by most foreign observers in the Far East at the time Terauchi was made Premier of Japan.

He and his fellows did not realise or anticipate Terauchi's personal strength.

CHAPTER LI

TERAUCHI ON JAPAN'S POLICIES

COUNT TERAUCHI had not been inaugurated as Premier for more than two or three days before he gave an important interview, for American consumption, to Mr. J. E. Sharkey, the Tokyo correspondent of the American Associated Press.

Terauchi's interview for publication in America placed him on record definitely on many important points. Some of the statements contained in it Count Terauchi subsequently repeated to me personally. Moreover, the Premier saw the Sharkey interview, and passed it as correct, which obviated the possibility of misunderstanding or mistake.

The following was the approved version, in English, of what Count Terauchi wished the American people to think of his plans and his ideals :

"If anyone believes that I, as Premier of Japan, intend to give this Empire a militaristic administration, it is because he does not understand my past career or the spirit of the Japanese nation. Please tell the people of the United States that it is my sincere desire to promote the friendship which has bound Japan to the United States for the last half century. I have assumed the Premiership of Japan as a statesman who intends to do his best to insure the permanent prosperity of the nation, and not as a soldier who will attempt to gain honour by the power of the sword.

"I shall take no new method for dealing with the issues that lie between the United States and Japan. I expect to follow the line which the last cabinet adopted in its dealings with the United States.

"In China what Japan desires is that her neighbour, like herself, shall gain the full fruits of Western civilisation and shall be brought to such a position that she will

be able to keep abreast of the world's progress. Beside this Japan desires nothing in China. The Japanese and the Chinese spring from common racial origins, and their future destinies will be closely related.

"Since Japan intends to respect China's territorial integrity and adhere to the policy of the Open Door, American interests in China will not be hurt. Although Japan has special obligations toward England and Russia under diplomatic agreements which she has entered into with these countries, yet these obligations will by no means interfere with her efforts to promote her friendship with other countries, especially the United States. On the contrary she greatly needs the friendship and co-operation of the United States.

"The present is the time for Japan to improve her national life, and cultivate the sources of the power of the country, laying thereby a firm foundation for the permanent peace of the Far East, and strengthening the foundations of her own greatness. What is most necessary for Japan at this juncture is to deal with her foreign affairs in a just and upright manner, and ensure the respect of foreign countries by her dealings with them."

America received Terauchi's statements of his intended policy favourably, on the whole.

The *New York Times* is one of the soundest mediums of the most advanced and best thought in the United States. Its leading article, commenting on the Associated Press interview with Terauchi, contained some pungent sentences. They mirrored the opinions of the Americans who were best informed on matters relating to the Far East. The following is taken from this American viewpoint :

Count Terauchi thought it advisable to disclaim any warlike purpose for the new Ministry of which he was the head. Possibly his selection as Premier was intended to convince the Chinese Government of the "firmness" of Japan in its treatment of and demands upon China. To the rest of the world the change of Ministry was to signify nothing. Since Okuma's resignation was long expected and had been offered more than a year before, since Japan under its form of Constitution was steadily controlled by a small group of men, since ministerial responsibility to

Parliament did not exist for her, the rise and fall of ministries were rather a perplexity to foreigners, a game of the Elder Statesmen, than the indication of policies.

If Count Terauchi had passed his life in foreign embassies instead of having been Director of the Military Academy, Minister of War, Field-Marshal, and so on, his policy could be anticipated as neither more nor less warlike on that account. It would be a Japanese policy directed by some of the ablest and shrewdest statesmen in the world solely to the believed advantage of Japan. There is no more patriotic and loyal people than the Japanese. The currents of popular opinion were turned, the strings of national and international interests were pulled by wise old hands.

Count Terauchi denied that he would take up with the United States the question of immigration or discriminatory State legislation. He disclaimed sympathy with Baron Sakatani's recent interview. As to the Open Door, "people talk of closing" it, but "that is a complete *non possumus*." That was perhaps too modest a phrase. The closing or opening might be a matter of "we wish" rather than of "we can't," but after so many treaties and reassurances it would be churlish to worry about the Open Door, especially since the United States showed no excessive zeal to push her goods through it. Japan's engagements and interests bound her to the policy of the Open Door. America was a good customer. The geographic and economic advantages which Japan possessed with regard to the Chinese markets might well suffice along that line.

"So long as Japan's vital interests and dignity are not infringed," said Count Terauchi, "Japan will take no aggressive step against any nation, especially America." Industrious weavers of lies and legends, commented the *Times*, were always trying to make trouble between the United States and Japan. There was no apparent reason for controversy between the two nations, except as to the somewhat sensitive Japanese dignity. Count Terauchi disavowed any intention of re-opening the matters as to which the chauvinists of Nippon had held that dignity infringed. The disposition of the German possessions which have come into Japanese hands in the war waits upon peace.

The Premier's language about China was indefinite, perhaps a trifle patronising. He had not had time to discuss China with his associates, the Ministry being but a day old at the time of the interview. He said, "However, speaking generally, Japan's ambition is to have China benefit, like Japan, from the fruits of the world civilisation and world progress. The Japanese and Chinese people have sprung from the same stock. Our future destiny is a common destiny that is historically involved."

Cynics in Peking would perhaps recall ill-naturedly that the Japanese and the Koreans sprang from the same stock, and that since 1910 they have had a common destiny.

The *Times* comment on Terauchi's message to the U.S.A. closed on that somewhat sarcastic note.

CHAPTER LII

TERAUCHI TO HIS FELLOW-COUNTRYMEN

COUNT TERAUCHI'S first official address, as Premier of Japan, to any Japanese public body, was delivered before a conference of prefectoral governors in Tokyo toward the end of October, 1916.

It was a long address and dealt with all manner of detail. Beginning with a statement of regret that the great war was not yet concluded, Count Terauchi declared his intention of giving the fullest co-operation possible to the Allies.

"It gives me genuine satisfaction," he said, "to observe that our alliance with Great Britain, which forms the basis of our foreign policy, is giving practical demonstration of its great use and effectiveness, especially in conjunction with our convention with Russia and France. Our relations with the other friendly Powers are also growing more and more intimate. These are matters for sincere congratulations."

All this was met by scornful scoffing by the anti-Terauchi element, who declared it meant nothing. I pointed out to some of my friends in the Japanese Opposition that at the least it was far from being reactionary in sentiment. A Press critic in Tokyo made much of the apparent relegation to second place of the Russo-Japanese agreement by Terauchi's declaration that the Anglo-Japanese Alliance still formed the basis of Japan's foreign policy. This was far from being in accordance with what had been expected from the new Premier. The importance attached by Terauchi to the Anglo-Japanese Alliance was of very great significance.

"I shall always make it my aim to uphold justice," said Terauchi to the governors of the prefectures, "and use particular circumspection in the foreign relations of the

country, so that our faith with other nations may be kept above reproach."

Fine words, these, and noble sentiments. No one can deny that if Japan had found a Premier and a Ministry that would keep such ideals ever in front of it, that fact augured well for the peace of the Pacific. Of no less importance than the words themselves and the high ideals they voiced was the fact that they immediately preceded the following sentence, which was, be it noted, equally part and parcel of Terauchi's pronouncement as to foreign policy with the introductory generalities quoted :

"Particularly is it my wish to realise our friendly sentiments toward our neighbour China and place the peace of the whole Far East on a secure footing."

I did not like that last phrase, but my dislike of it was born of pure personal prejudice. The security of the peace of the whole Far East might be reached by so many devious paths, and the expression had been so abused, I shied at it a bit. Many others in the Orient felt as I did about it. But that was unfair to Terauchi. A Tokyo paper said that Terauchi on China was vague, but friendly. The implication that the peace of the Far East required that something must be done to secure it had grown to cause folk to read such phrases with apprehension rather than confidence, but Terauchi's reference to friendly sentiments could hardly be read by any unbiased person as the prelude of aggressive designs.

The vernacular Press in Japan was less charitable to Terauchi. He was idealistic, complained the Tokyo *Asahi*, but did not state how his ideals could be realised. He said Japan should be friendly to China, but did not tell how that ideal could be accomplished. If Japan were to remain idle in China, possibly Japan could remain on good terms with China. The all-important question was not that friendship should be promoted between Japan and China, but how?

The *Sekai*, Terauchi's strongest supporter, was ill-pleased. It wanted, too, something more definite. The nation, it averred, would not be satisfied with such a vague statement of ideals. Okuma dwelt continually on high ideals and achieved nothing definite.

Terauchi was a bit above the heads of the Japanese

Press. His ideals were very high, much too high for the full appreciation of the average Japanese.

Count Terauchi lectured the prefectural governors in extenso on the administration of their local affairs. Incidentally, he mentioned the different political parties. Of them he said, "I shall try to the best of my ability to keep an attitude of open-minded impartiality toward them and their conflicting views and in general to so conduct myself toward them as to give reasonable cause for satisfaction to His Imperial Majesty on the one hand and to His Majesty's loyal subjects on the other." The difference between real and imaginary representative government, said Hugh Byas, when he read that part of Terauchi's speech, had never been put more tersely. There in a nutshell was the difference between the constitutionalism of Japan and the constitutionalism of countries like England and America. Control of policy was the function of the Emperor and his Government, which was above all parties and acknowledged no responsibility to them or to those who elected them.

Terauchi talked long to the governors, dwelling on diplomacy, defence, finance and other important matters. Such details of local government and administration as the postal savings system and the sanitary system, the protection of ex-convicts, and assistance for Japan's newly born electro-chemical industries were also discussed in his address. It was catholic. But it did not please the Tokyo Press, because not a word did Terauchi say of the restoration of the sinking fund, the broad gauge question, the to-be-proposed sources of the naval expansion fund or the method of accounting for the sale of arms to Russia.

No paper took Terauchi's lofty ideals into much account. A Tokyo paper even went so far as to draw a picture from his speech of a very narrow-minded Terauchi.

Into the speech was read quite clearly what the writer called the lofty if narrow conservatism of the Premier's mind; his affection for traditional and characteristic virtues of Japan, loyalty, discipline, simplicity of life; his distrust and dislike of the more blatant accompaniments of the new era of wealth and material progress; and finally that passion for efficient administration which, with a man of his type, usually means a benevolent despotism. The writer

saw in the speech abundant evidence of lofty character and high ideals, but searched, he said, in vain for indications of that flexibility of mind which can preserve the old intelligence without thwarting and antagonising the new impulses. In that writer's opinion, no quality was so necessary to a political statesman in Japan at that stage of the political and social evolution of a quick and impulsive people like the Japanese.

Terauchi was called by him a Premier with a backward look, because he extolled teaching loyalty to the throne, filial devotion and the inculcation of virtue, and deplored the invasion of the simple countryside with its industry and frugality by new forces tending to lead the common folk in another direction. A rough passage for Terauchi as Premier was prophesied.

Another prominent writer in Japan was caustic regarding that speech of Terauchi's, remarking, among other things, that the mentioning of so many varied topics in one address showed that the new Premier would have a finger in every pie, that being his predominating characteristic.

CHAPTER LIII

— A TALK WITH COUNT TERAUCHI

I FOUND Count Terauchi particularly easy of approach. I should think comparatively little red tape is wrapped around his official goings and comings.

I was not aware, until reminded by Count Terauchi, that I had met him previously. He arrived at Tientsin, in the Boxer troubles in China in 1900, three days before the storming of the native city of Tientsin. I was with the Japanese troops on that occasion, and later during the same campaign was for some days with General Yamaguchi's forces.

Terauchi came into the room quickly, spiritedly, with a frank, direct smile on his face. He looked squarely in my eyes with a very likable expression. He extended his left hand. His right arm has been useless these many years. It was shattered by a bullet in the Saigo Rebellion in 1877, and he has never since been able to bend the elbow. The fact that he received this wound nearly forty years ago reminded one of Terauchi's age. He was sixty-four years old, but looked much younger. Most of the photographs that appeared in the newspapers and periodicals on the occasion of his accession to the premiership showed him with a beard. When I met him in Tokyo he had shaved this down to the narrow limits of a short, inch-wide imperial, which gave him a decidedly youthful appearance for a man of his years.

The loss of the use of his right arm may have been the reason why Terauchi has never, since receiving his wound, taken an active part in the fighting line. His work with the army has been along many channels, but chiefly in the way of transportation and educational work. A few years after the Saigo Rebellion Terauchi was attached to the Japanese Legation in Paris, where he obtained a very fair command of the French language. Next he was an

instructor in a Government Military School in Japan, then a transport officer, rising to the head of the transport branch of the land service in 1894 and showing no little ability in that position during the Chino-Japanese War. When, a few years later, a Board of Military Education was formed in Japan, Terauchi was placed at the head of it. From that billet he rose to the General Staff and thence to Minister for War. The Russo-Japanese War found him in possession of that portfolio, which he filled to his great credit. His signal services were rewarded by the Emperor in the form of a viscountcy and a promotion to the rank of general, to be followed later by a still further promotion to the rank of field-marshall. In 1910 he went to Korea as Governor-General. The annexation of Korea as a Japanese province was due to his efforts.

Direct, forceful, clean cut, a born leader, that is the immediate conclusion to which I came on meeting Terauchi.

One of the first questions we discussed was Japan's future policy as regards the present war. Terauchi was very definite and outspoken on this head. I had explained that I was about to leave Japan to return to England.

"You may give the people of England, if you will, a message from the Terauchi Cabinet," said the Premier. "I have not been in England for many years. I was last in London on the occasion of Queen Victoria's Jubilee. But I have watched the British people and the British Army during the present struggle with the closest interest and sympathy, and their dogged determination and stubborn spirit of pushing the war to a successful conclusion at all costs has won my complete admiration.

"It is a matter of the greatest regret to me that circumstances have made it impossible, or at least impracticable, to place an army of Japanese soldiers in the fighting line, where they could wage war against the common foe, shoulder to shoulder with the armies of France and Britain. But though we cannot, apparently, hope to take such part as that in the war, you may tell the people of England from the Terauchi Cabinet that it is our solemn intention to leave no stone unturned to assist our Allies

by every means in our power. All our resources, such as they are or may be, are at the disposal of the Allies."

Japan had been most eager to see Japanese troops sent to Europe. It was not a Japanese protest that stopped the troops from sailing from Nagasaki to the Western battlefields, though Count Terauchi did not touch on that point.

Baron Sakatani had come back from the Allied convention in Paris full of the idea that Japan should at once take active and thorough steps to block trading with the enemy. Terauchi was a strong supporter of that policy, which was at once to be inaugurated in Japan, he said.

Our conversation drifted to matters of military detail. Changes were planned for the Japanese Army in accordance with lessons learned during the present war, Count Terauchi said, but would not likely be put into operation, to any sweeping extent, until the end of the conflict. I read into that an idea that Count Terauchi thought warfare might still see some changes in theory of operation and organisation before peace came.

In discussing foreign affairs the Premier broke no particularly new ground. I was impressed by his apparently earnest desire to rule wisely and to effect real progress. His belief that Japan had a common destiny with all nations which aimed high, no matter what their world position geographically, was unusually strong. Never before had I met an Oriental political leader who seemed so thoroughly to realise that there is but one road to true greatness, for either individuals or nations, and that is the straight and narrow path.

I left Count Terauchi with the firm belief that he was the strong man of Japan. Japan has had few men like him. The nominee of Prince Yamagata and his Genro, the head of the reactionary Choshu clan, the figure that stands for the Military Party of Japan, all this notwithstanding, I was given great hopes for the wise administration of his office, so long as he might hold it, by Count Terauchi.

True, the Military Party was the real power in Japan. But Terauchi was of that party and they would listen to his advice, as they had never listened to a Japanese Premier before him. He might be old-fashioned and even somewhat narrow-minded on administrative matters. Military

men are likely to be so. But I believed in his sound judgment and in his real sense of right and fairness back of it all.

Nine men out of ten in Japan predicted a short life for the Terauchi Ministry. I believed Terauchi would survive the then existing Diet, as he did survive it.

Viscount Kato and Mr. Ozaki both thought that, with the backing of their new Kenseikai Party, they could introduce a vote of lack of confidence in the Diet and turn the Terauchi Ministry out in January, 1917, on the sole ground of its having been appointed at the instance of the Genro in contravention of the spirit of Western constitutional government. Few doubted their power to do this.

Unless the Terauchi Ministry took some overt line that would give the Opposition some ground upon which to attack them, however, even should such a vote of lack of confidence go through, Terauchi would survive a dissolution, said the wisest ones. True, he would have to look to the Seiyukai Party for help at the polls, and would have to reward members of that party after the victory by giving some of them seats in his Cabinet. That would seem to promise a house divided against itself.

On four points Terauchi's position as Premier was strong. First, nothing could be reasonably said against him personally as a Premier. Second, he was the representative of the strongest element in Japanese politics. Third, the Japanese people were not likely to look kindly on a proposal of change in such times of national stress. Fourth, and by no means least, Count Terauchi was the personal choice of the Emperor himself for Premier of Japan, and the people knew it. Many Japanese might consider a hasty casting aside of the Emperor's nominee an act of courtesy to the Throne.

All this was proven correct by the result of the 1917 elections in Japan.

A few years hence the continental protection Japan is affording to her big business interests will place them astride the back of her national administration. They are already growing sharp teeth, which a momentary curl of a lip shows now and again. A strong man, such as Terauchi, will then be needed by Japan in very truth.

Japan's foreign relations are important to every nation,

and her foreign policies concerns the English-speaking world particularly. But Japan has internal problems of almost equal interest to her.

For the real good and ultimate welfare of Japan, which means her advance along the fair, straightforward road which must be tramped by every honest, progressive, civilised power, the appointment of Field-Marshal Count Terauchi as Premier placed the best available man in Japan at the head of Japan's Government.

What he may be able to effect depends not only upon himself, but upon more than one force in Japanese national life. He is but one factor, a predominating one, but only one, after all.

Whatever the future may hold for Japan, good or ill, wisdom or folly, such influence as Terauchi will exert on his day and time will be for the right and not for the wrong, as judged from our own Western standards.

CHAPTER LIV

KATO AND THE OPPOSITION PARTY

ON October 10, 1916, less than a week after the selection of Count Terauchi as Premier, a new political party was formally born in Tokyo.

This party had been originally planned as the backbone of the support in the Diet for Viscount Kato, when it was thought he would succeed Marquis Okuma as Premier.

It was named the *Kenseikai*, or Constitutional, Party. It was composed of the major portion of each of three of the political parties of Japan. These three were the Doshikai, whose leader had for some time been Viscount Kato; the Chuseikai, whose leader was Mr. Ozaki, the former Minister of Justice in the Okuma Cabinet; and the Koyu Club, a half-organised band of personal friends and adherents of Marquis Okuma.

The Doshikai had been, during the Okuma regime, the nucleus of the parties which had supported the Government and given it a sound working majority in the Diet. Next to the Genro itself the Doshikai was the most powerful organised political force in Japan.

The Seiyukai, a sort of red revolutionary party so far as its view of Okuma was concerned, was under the leadership of Mr. Hara, whose support was expected by Terauchi. The former power of the Seiyukai, which fell with Count Yamamoto's Cabinet and the naval scandal which proved its undoing, had never been regained. The only other political group in Japan that was worthy of mention was the Kokuminto or Independent Party, whose leader was Mr. Inukai. It had, in itself, insufficient power to make it much of a factor except as a minor ally of one of the stronger groups.

Kato's initial words to the new party, the *Kenseikai*, on the occasion of its coming into existence, were as follows: "We shall all continue to fight for the cause of constitu-

tionalism, though there are many obstacles to constitutional government in Japan which are bound to confront us."

Five or six days later the Kenseikai published its platform, which made no open mention of constitutional reform.

Before this stereotyped statement was promulgated, however, Viscount Kato had made a speech to the section of the new party which looked out for north-eastern Japan, in which he had quoted a conversation with Prince Yamagata, the head of the Genro. He had not mentioned Prince Yamagata by name, but had referred to him as "a certain person who recommended Count Terauchi for Premier to His Majesty."

"I know you are fit to become Premier," Kato said Prince Yamagata had remarked, "and sooner or later you may occupy that position. To-day, however, is not the time, because the close of the European war will bring about unexpected changes in the world situation. Issues that may involve the rise or fall of our Empire may be the outgrowth of that conflict. It is necessary, therefore, that for the present we have a Ministry that represents all the nation. Your personal fitness to become Premier is not questioned, but you have many enemies. Count Terauchi, on the other hand, has no party connections and therefore no political enemies. That is why I saw to it that he was chosen to head the new Ministry."

Those words, remember, came from the man that represented the real power in Japan—the Military Party.

Commenting on Terauchi and his platform, Kato went on to say: "Terauchi appears to wish to mediate between political parties, thereby raising himself to a position superior to all parties. His attitude is very indefinite. I am glad he has taken the Anglo-Japanese Alliance as the basis of his foreign policy. Terauchi has not said much about the alliance, and it is known that members of his Cabinet are opposed to it, and the semi-official Press organs of his clique have opposed it. However, it having been declared by the Premier that he stands for the Anglo-Japanese Alliance, his foreign policy may have its good points."

Viscount Kato on that occasion defended his policy in China. He was Foreign Minister of Japan at the time

Japan presented the Five Group Demands to China in 1915. Kato said in brief that, so far as the question of Japanese occupation of Chinese territory was concerned, Japan was as much justified as were any of the Powers in their acquisitions of territory in the last part of the last century. He boasted of the extension of Japanese influence in Shantung and in Manchuria. It was a commentary on human fallibility to hear Kato, the man whose enemies in Japan had scornfully dubbed him "more pro-British than the British themselves," upholding the Anglo-British Alliance with one breath and with the next lauding himself and the Cabinet of which he was a member for acting in a manner in no wise in accord with that agreement.

The following was a leader which appeared in the *Tokyo Asahi* the day following the formation of the Kenseikai Party:

"We cannot but reflect upon the past and note how swiftly things have changed. When the Doshikai was organised five years ago Baron Goto and Mr. Nakashoji endeavoured to make a success of the party, but they later returned to the former policy of super-party government, and have exerted their influence in downing the Okuma Ministry, which was supported by the Doshikai Party. Mr. Oishi, who first left the Kokuminto with four other leaders of the party, and joined the Doshikai originated by Prince Katsura, his political enemy, has now come to show his inclination to join the Seiyukai, the arch-enemy of his own in the past. Mr. Ozaki, who considered Prince Katsura as his arch-enemy, has now become a cornerstone of the new party which incorporated the Doshikai in it. The majority of the Doshikai leaders, who did not like Mr. Ozaki at the time the Oura scandal arose, have welcomed him as the first of the directory of the new party, or its virtual vice-president.

"Marquis Okuma, who was once known as 'Okuma of the Kokuminto,' abandoned that party some years ago, and has shaken hands with the clan clique, and is looked up to by them as their chief, although he refused to become the president in name. Mr. Adachi and others of the former Doshikai and of the new Kenseikai who had stood for super-party government, who had been the objects of attack by the constitutionalists a few years ago, now feel the need of starting a constitutional movement for their own purpose. Mr. Inukai, who was known

as the 'god of constitutionalism,' is now lukewarm, thereby giving an impression that the god may dispense benefits to suit his convenience. The Seiyukai, which five years ago joined Messrs. Inukai and Ozaki in the movement for constitutionalism, is now trying to make an alliance with the clan clique. Such has been the history since the formation of the Doshikai five years ago. Viscount Kato the other day referred to the lack of confidence of the people in the political parties. That lack of confidence is due to the lack of continuity of the statesmen. We warn the members of the new party to remember these things, before we would welcome the new party. The men who took part in the programme of the ceremonies of the formation of the new party all dwelt upon the need of uniting. Viscount Kato also said that efforts must be made to remove all the constitutional obstacles. That is what we expect the new party to do.

"But what resolution, what courage of conviction have these leaders of the new party? What sincerity has Viscount Kato, the president, to carry out the idea of removing the obstacle? Viscount Kato is reported to have said that there is no reason why a leader of a party, because he is such, must become the organiser of a Ministry. What, then, does he mean by the spirit of constitutional government to which he referred before? Such indefinite attitude of the political leaders explains why they are so indifferent to the appearance of the Terauchi Ministry. Viscount Kato is also reported to have warned his political friends not to be so reckless as to start a movement against the formation of the Terauchi Ministry. Why was it recklessness to try to prevent formation of a Ministry by Count Terauchi, a super-party Ministry? The new party may some day surrender to the Terauchi Ministry, we are afraid."

The foregoing are facts, not fancies.

Consistency does not appear to be a characteristic of the Japanese politician.

CHAPTER LV

A NEW ATTITUDE TOWARD CHINA

IF one could outline the prospective foreign policy of Japan, one would be a prophet indeed. That fact, however, does not preclude the student of Japanese affairs from forming opinions as to the probable line Japan must follow.

Viscount Motono, the new Foreign Minister, had but recently arrived in Tokyo from the Japanese Embassy in Petrograd when I left Japan, and up to that time had been silent as to his personal views on Japanese Imperial Policy of any sort.

I have quoted Count Terauchi's own statements on such subjects and one or two commentaries on them. From Terauchi's expressions of intention, Marquis Okuma was not wrong when he said, a week after Terauchi was made Premier, "Personally, I think that Count Terauchi is a very gentle man; a man whom children might love. He is not a disciple of the Kaiser, nor a man to be feared in the way that foreigners fear him. There appears to be apprehension abroad lest he stretch out his strong hand in China and repeat what he did in Korea. There is no need for such fear. True, Japan can take China if she chooses. But why should she? What can we do with China if we take her? She would do us no good. Other nations are mistaken in their belief that Japan intends to carve out her place in the world with the sword. It is unfortunate for us that such suspicions of our motives are harboured in other countries."

A meeting of the Terauchi Cabinet was held towards the close of 1916, immediately prior to which the Premier was reported to have been in conference with the Japanese Emperor, after a long discussion with Prince Yamagata, the head of the Genro, and Viscount Motono, Japan's Minister for Foreign Affairs. The Cabinet meeting resulted in an inspired pronunciamento being sent

forth by the Nippon Dempo News Agency. All of the conferences mentioned, said the communication circulated, led to an adoption by the Cabinet of a new Japanese attitude toward China. This policy, unanimously agreed upon by Count Terauchi and his Cabinet, had as its foundation the resolve that Japan should not interfere with the internal affairs of China in any way; that Japan would co-operate with China for the preservation of peace in the Far East; that Japan would attempt to acquire no more "rights" in China; and that Japan would not thereafter urge the Peking Government to employ Japanese advisers unless China really welcomed them for the development of the country.

I have been most careful to copy the wording of the translation of that announcement and to verify it.

Such was the detailed policy that Terauchi wished the world to know was the Terauchi policy toward the Chinese Republic.

The Tokyo *Asahi* had but a day or so previously said that Motono was "a bureaucratic statesman, who ignores public opinion altogether and believes that the affairs of the Empire should be monopolised by the officials." "Newspapers," continued the *Asahi*, "public opinion, people's diplomacy, are things Motono detests as if they were vipers. In this respect, he is of the same mind as Count Terauchi."

That statement, from as sober and conservative a newspaper as all Japan could boast, showed that its editor must have disbelieved the sincerity of the statements sent out by the Nippon Dempo Agency. The Terauchi Cabinet was playing either a very open or a very deep game.

Most Japanese declared that Terauchi and the Military Party which had placed him in the premiership were scornful of the electorate. Suffrage was talked but little in Japan. The *Asahi* was a strong advocate of the extension of suffrage. The new Kenseikai Party was most vague as to its attitude on the subject. Mr. Ozaki was the most prominent and outspoken champion of the cause. The suffrage, he declared, should be demanded by the people of Japan, not given to them as a gift. The Okuma Cabinet was not in favour of the proposal of Mr. Hara, of

the Seiyukai Party, to give the suffrage to educated classes above graduates of certain schools. Neither did it lend any support to the suggestion that the suffrage qualification should be changed so that it embraced those who pay five yen (say ten shillings) a year taxes, instead of ten yen (say twenty shillings).

The Press of Japan in general appeared to be sometimes in favour of suffrage extension, sometimes against it, but all sides agreed that Terauchi would scorn to consider the voter. Yet early in his career as Premier he consulted the voters as to the new China policy, as well as giving it to the outside world.

Why should he do that? It is indeed difficult to attribute any except one of two reasons. Either Terauchi and his Ministry meant what they said and Chino-Japanese diplomacy was well on the way to turning over a new leaf, or the wool was being pulled over someone's eyes. It is more fair to accept the former view until evidence is produced showing that it is incorrect.

Speaking broadly, such a policy would not be so unpopular in Japan as many people think. The jingoes might howl. But no one ever satisfies some sorts of jingoes. They are monuments of dissatisfaction. No matter what policy is pursued, it is too mild. The more that is given to them, the more they demand.

It is possible Terauchi felt that was true about Japan's jingoes and resolved to do what he thought the wise and right thing regardless of their opinions.

It would be the wisest policy Japan could adopt, and her surest path to her greatest ultimate benefit.

The *Tokyo Chuwo* contained a leader in November, 1916, that is worth reading in view of the foregoing. I had recently returned from Manchuria when I first saw this leader. I had seen enough of Manchuria to have learned that in that country China has no real sovereignty left.

The *Chuwo* editor produced the following effusion on the subject:

"Viscount Kato, president of the Kenseikai, at a meeting of the Fukui branch of the Kenseikai, said: 'There are two opinions in Japan regarding China; one is that Japan should

occupy Manchuria, the other that Japan should recognise the sovereignty of China in Manchuria, and acquire various privileges there securely.' He said that the Okuma Ministry took the latter course and succeeded. Whether it was a success or failure, we shall not discuss here. But we cannot pass without comment when Viscount Kato says there are two such opinions in Japan. We do not believe there are such thoughtless people in Japan as to hold the opinion that Japan should occupy Manchuria. Even if there are, they are only irresponsible persons. Manchuria is Chinese territory. Why should Japan occupy that country without cause? Viscount Kato says that such is the opinion in Japan. Then his other suggestion is a direct insult to China, because China's sovereignty in Manchuria is an established fact without Japan's recognition. Why is it necessary for Japan to recognise it? If, as he suggests, Japan should say that we recognise China's sovereignty, and want to acquire various privileges, then that means that we will only allow the name of sovereignty to China, while securing the real power in Manchuria. China will suspect us of trying to make a figurehead of the Chinese Government. Such will only encourage the enmity of China toward Japan. Viscount Kato is a veteran diplomatist. He should not make such statements as the one we have quoted."

Was the real campaign for the real friendship of China being actually begun by Japan in 1916? And was it being begun by the very party everyone expected would be the last to see the advantage to Japan of such a campaign?

All things are possible.

CHAPTER LVI

THE JAPANESE ATTITUDE TOWARD AMERICAN ENTERPRISE IN CHINA

THE Chinese province of Kansu lies far on the western borders of the Celestial Land.

Kansu is a mountainous province, but rich in such commerce as has sprung from its position on the border-land of Tibet. The Kokonor district of northern Tibet is one of the most promising wool-producing areas extant. Hemp and rice also come to China from north-eastern Tibet via Kansu. Furs, tobacco, and all manner of vegetable products for food, medicines, and various articles of commercial value in other categories come from this western edge of China.

Furthermore, all trade that has been done has grown gradually without the aid of any modern lines of transportation. Waterways to the southward and camel trains to the north and east have carried out the products of a fertile land, but sparsely populated, which is reputed by vague report and ancient legend to be rich in undisturbed mineral deposits of many sorts.

From Tibet and Kansu the camel trains trek north-east across the Mongolian tablelands rather than fight a tortuous way over mountainous Shansi, which lies due east of Kansu. Further to the northward than Peking itself the lines of laden camels wind over the flat country to Pao-tow-Chen, a Mongolian town on the banks of the upper reaches of the Hwang-ho or Yellow River. Pao-tow-Chen is a teeming mart of Chinese trade, surrounded by an ever-growing agricultural district.

On to the eastward another hundred miles the camels pad the primitive roads, to Kwei-hwa-ting, or Kuei-hua-cheng as it is perhaps as frequently called. Here is the great camel mart of the north of China, at the convergence of the larger caravan trails. Once a mere isolated trading

post around a Mongol monastery, to-day its traders boast an ownership of 80,000 camels. Hides, wool, grain and even some mineral products are brought to Kwei-hwa-ting in great quantities annually by its army of ships of the desert.

Not much more than one hundred miles farther east comes Feng-chen, the end of the Chinese Government railway that leads still on east to Kalgan and thence south-east to Peking.

All this is in the virgin heart of China, far from treaty ports and the respective spheres of influence of the foreign Powers.

Consequently, when an agreement was made with China by an American syndicate which proposed to construct a railway from Feng-chen, the end of the Chinese line, west to Kwei-hwa-ting and still on west to Pao-tow-chen, then across the Mongolian plains to Lan-chow-fu, the capital city of far Kansu, it seemed that a good piece of work was about to be inaugurated.

The American International Corporation, as the syndicate was called, had ample funds. It first asked China for an agreement whereby it was to be employed to re-dig the Grand Canal, but that project ran counter to Japan's "interest" in Shantung, where Japan argued that upon its shoulders had fallen the mantle of the vanquished Germans. So when the scheme was broached, the corporation asked China for an agreement employing it to raise funds and carry on the work of construction of several railway routes in China, 1,500 miles in length in all, with certain options for further mileage. The line through Mongolia to Kansu was to be the longest.

That piece of work, it was estimated, would cost between five and six million pounds sterling and consume some seven years in the building.

The contract was duly signed, after great delay and palaver, and the syndicate was authorised, by the Chinese Government, to issue 5 per cent. bonds, to be redeemed in 50 years, to cover the expenses involved. Messrs. Siems and Carey, railway contractors, of St. Paul, Minnesota, were employed by the American International Corporation and sent to China to commence the work without further delay.

All this was open and above board. It had nothing in common with the foreign forced concession so familiar in China. It was a purely non-political business deal. No work ever planned was more clearly a work of development without a particle of politics about it.

The Japanese Press howled like mad. A railway in China, particularly in Mongolia, was abhorrent to the minds of the same papers that had been lauding the idea that American capital might help develop the resources of the poverty-stricken Chinese Republic. Russia was equally upset. American capital in a Chinese enterprise that meant the fair and free development of Mongolia stank in Russia's nostrils.

Railways in China were desirable. All admitted that. Russia and Japan had railways in Chinese territory. Japan tried to force China by the Five Group Demands in 1915 to grant concessions to build many more. But American capital back of railways was a very different matter indeed. The good of China and the Chinese apparently did not matter twopence. The good of Russia and Japan was in the balance. How could they benefit? Not at all, except by fair, open and above-board means. That was clear. Fair means in Mongolia were not good enough, it seemed, for either Japan or Russia, so they dropped down on the Siems-Carey projects without delay.

The American International Corporation pointed out that its railway construction scheme had no political flavour. The work was to be carried on under the supervision of the Chinese Minister of Communications and a Chinese Director-General was to be placed in charge. While the engineers, accountants and skilled mechanics would more than likely be Americans, the Chinese were to approve of such selections.

The protests lodged by Japan and Russia were followed, hot foot, by protests from England and France, so it was said, with reference to some of the other proposed lines that the Chinese Government wanted the American syndicate to construct farther south. All sorts of stories, many of them obviously inspired and most of them obviously false, filled the Oriental air.

The *Peking Gazette*, in October, tried to stem this tide by saying editorially that "statements have begun

to creep into certain newspapers hinting that the American contractors have either advanced cash or are prepared to make cash advances to the Government. No fiction could be more mischievous. We are in a position to state that not only has there never been any question of any such advances, but that there are no means of making them, as the agreements signed are building contracts pure and simple, which will be entirely financed by public bond issues in America when the surveys in China are complete. What has been done so far has been to set apart a fund of £100,000 to carry out surveys. Of this amount only £5,000 has been spent in preliminary work, which will be more rapidly developed with the arrival of a full staff of engineers.

"After the long struggle in concessions experienced in Peking during the last two decades, it is no doubt hard for people to accustom themselves to the idea of a pure piece of contracting work without political flavour which will make for the peaceful development of this country. But this is precisely what the energy and ability of Mr. Carey, as representative of the American contractors, have secured."

I was anxious to be perfectly fair to the Japanese point of view on this subject. I put many questions on this topic to more than one incumbent of high office in Japan. I found a general disinclination on the part of some of Japan's statesmen to discuss the question frankly.

Then out came the Tokyo *Asahi* with a leader on the subject. I was able to discover that its tone was the generally accepted Japanese tone. I give the leader in full as follows :

"The Siems-Carey Company's loan scheme was broached early in the spring, while President Yuan was living. The scheme provided for the construction of a big trunk line traversing Shansi, Kansu, Szechuan, Yunnan, Kwangtung, and Kwangsi. This loan was preliminarily agreed upon in May, but in view of the fact that the territories to be covered were wide, and as there was a fear of interfering with the acquired concessions of other nations, the Americans interested in the scheme and the Chinese Government revised it in September. But the five lines which were agreed upon in the

revised contract will conflict with the interests of England, France and Russia, which nations possess rights of their own. Yet the Chinese Government, regardless of these matters, with the revision of the contract received (*sic*) £100,000 as an advance payment. The Chinese Government is indeed very insincere in concluding such a contract, disregarding the already acquired rights of others. So protest after protest was made by the interested Powers, so that the revised contract is to be revised again, it is reported.

"These protests and needs for revision have been seen from the beginning, and the American scheme was a reckless one, indeed. The rumour of revising the clause as to the line in Hainan Island into a big line from Chuchow to Chinchow presages a fresh protest from France, as it will conflict with the acquired rights of France there. It is a more serious breach of French rights than the former scheme in Kansu. England will also protest, because she has protested before regarding a line from Hanchow to Nanning in Kwangtung. All these things result from the lack of sincerity on the part of the Chinese Government. It is very likely that revision after revision will be made in the American loan contract. Although it is a good thing to build railways in China in order to help develop the civilisation of that country, yet the Chinese Government should be a little more careful in making railway contracts, always taking thought as to the already acquired rights of the foreign Powers before entering into any new contract."

Equal opportunity in China, from the Japanese standpoint, stops short when it comes to allowing American capital to develop China. Russia, England and France are evidently, in some degree, of the same opinion as Japan.

I doubt if the Siems-Carey Company will ever construct a railway line across Mongolia to far Kansu.

If it constructs any railway line in China I shall be surprised, unless the project be an Anglo-American one. That would be the best solution of the matter.

But Americans may learn something from the object lesson given them by the experience of the Siems-Carey Company.

So, also, may the Chinese.

I wonder what the Chinese editor thinks to-day, who wrote the following :

"The contract for the construction of lines in Shansi, Kansu, Hunan, Kuangsi, Chekiang and Kuangtung is a straight-out business proposition. There are no political strings attached to it, the Chinese Government wants the lines built and is satisfied with the terms upon which the American interests concerned are prepared to build them. Nearly every railway concession granted hitherto in China has been mixed up to some extent in politics.

"In spite of the fact that every nation of importance has subscribed to the principle of equal opportunity in China, in the sphere of railway construction agreements have been made recognising certain regions as the close preserves of certain nations. This is a direct negation of the principle of equal opportunity, and also vitiates the guarantee to preserve China's independence, which many of the nations concerned have given.

"A country is not independent in the real sense of the word if it cannot formulate a national railway policy without obtaining permission from alien governments. In the past, lines which the Chinese Government decided were necessary, for commercial or strategic reasons, have been vetoed by nations that had guaranteed to preserve China's independence. It is the knowledge that the contract with the American International Corporation in no way jeopardises any of China's rights that accounts for the satisfaction with which the news of the signing of the contract has been received by the Chinese."

That satisfaction will long ago have withered away.

CHAPTER LVII

JAPAN AND AMERICAN CAPITAL

"Now the question is," wrote Viscount Kentaro Kaneko, in the *Chuwo Koron*, an important and leading Japanese monthly magazine, "will America and Japan compete fiercely in China, where it is obviously to America's interest to do her best to finance or invest in Chinese enterprises, or go amicably hand in hand to promote their mutual interest?

"The latter is the wiser course. For whichever party may win in the competition, it is quite sure that the defeated party cannot but entertain jealous, unfriendly feelings against the conqueror, which would, of course, give a plausible chance to the yellow press and ambitious politicians to talk of a war between the United States and Japan."

Viscount Kaneko, a Privy Councillor of Japan, is a graduate of Harvard University and is President of a society called the America's Friends Association.

Another writer on the same subject attracts much attention in Japan. His name is Shigeo Suehiro. He is a professor in the Law College of the Imperial University at Kyoto. Professor Suehiro studied in Germany. He has visited the United States. His articles on political and diplomatic subjects are frequently in evidence in Japan, and are widely read. Like Viscount Kaneko, he wrote an article for the *Chuwo Koron*, in which several similar articles appeared under the heading, "A Study of the United States." As Professor Suehiro's article was very typical, I choose it as representative of the thought of his class in Japan on the subject of China as a commercial field for Japan or America or both.

"Americo-Japanese friendship," wrote Suehiro, "like Sino-Japanese friendship, is an anomalous phrase, though it is very frequently talked about. In reality there are

several disturbing troubles in the relations of these countries. In the case of the Americo-Japanese relations, the United States stands in the position of an active agent and Japan a passive agent; so that whether or not the unsolved problems lying between the United States and Japan should develop a serious crisis depends chiefly on the attitude Japan would take.

"One of these problems concerns the South Sea Islands which are under Japanese occupation. As these islands are situated between the Philippine Islands and the United States, their occupation by Japan is naturally a problem of serious strategical importance to the United States." (This might read like a joke to Americans, but it shows the sort of thing that Japan's prominent law professors feed to the young men who study under them.) "Many Americans are hoping that Japan may not continue to occupy them. But as it is most unlikely that Japan should let go her hold on the islands, there is a possibility of the problem proving in the future the cause of some dissension between the two countries.

"A second problem concerns China. The attitude which the United States takes towards Japan concerning Chinese problems is ever high-handed, and makes us highly discontented. The attitude shown by the United States in the spring of last year concerning the Sino-Japanese negotiations and also in the affair of Cheng Chia Tung, recently, is as highly offensive as if she were the supervisor of Japan's diplomacy *vis-à-vis* China. Of course, the Americo-Japan treaty of 1908 empowers the United States to champion the maintenance of the *status quo* in China and of the principles of equal opportunity, but we should be far from pleased to see the United States acting at every turn as if she were the only guardian of the Open Door and equal opportunity principles in China. This unreserved American attitude is calculated to make worse the misunderstanding between the two countries.

"There is another thing that serves to harm the Americo-Japanese friendship, and that is the economic rivalry in China between the United States and Japan. The present war is benefiting both countries. Japan's gain is considerable, but it is small compared with what the United States has obtained. Her prosperity brought by the war

is simply wonderful. There is no doubt that the United States will devote this newly acquired wealth to the cultivation of new resources and establishing new markets. There is every reason why America should endeavour to open new economic markets in China. And as America intrudes into China economically, she cannot avoid finding herself face to face with a rival called Japan. As the economic competition grows keener, it is inevitable that there should arise political differences. I fear whether the relations between the United States and Japan should not come to resemble somewhat those existing between Germany and England before the present war.

"In order to lessen the danger of armed collision between the United States and Japan, our Baron Shibusawa, during his sojourn in America, proposed that Americans and Japanese should start many joint enterprises and thereby try to avoid all risky competition. But this proposal was not met with as much welcome as one could desire. Judge Gary also advocated co-operation of Japanese and American business men with a view of promoting Americo-Japanese friendship. He suggested that in case both countries are to trade in a third country, say China, they are to define their mutual spheres of commercial activities so as to avoid harmful competition. Such a policy, though not impossible, has some drawbacks, and one cannot but wonder how our business men will consider it."

The remainder of the article urged Japan to force the United States to give recognition to the equality of the Japanese.

An actual American loan to China was proposed in 1916, on which some of the talkers in Japan could hang their arguments.

A loan of £1,000,000 was concluded between the Continental Commercial Bank of Chicago and the Chinese Government. The money was to be used in reorganising the Bank of China and putting it on its feet. As security China pledged her liquor and tobacco taxes.

At once the four Allied Powers of the old quintuple banking group, reduced by one on account of Germany's isolation, filed an international protest. China had asked the allied group for a loan, and the matter was still under

consideration, though no reply had been forthcoming. So until December 14, the time set for an answer, though China might be in dire need financially and know nothing of what the English, French, Russian, and Japanese group planned to do for her, if indeed it pleased to do aught, she could not take a penny of relief from other sources.

Japan's attitude towards the American loan can be judged from three quotations. The first is from an interview with a really broad-minded Japanese business man. Perhaps not ten men of his class in Japan would agree with him, but his ideas are none the less sound, and show signs of a spirit that merits encouragement.

He said : "If the international bankers are obstructing American loans because of their own immediate profits, they are taking a discreditable stand. America and the Americans have no political ambitions in China. The position of the United States in China is altogether different from that of Japan. While Japan may not welcome any move which jeopardises her political privileges in China, she need fear no harm from the investment of American capital. She should give it encouragement."

Mr. Tokutomi, of the Tokyo *Kokumin*, wrote as follows :

"It is to be presumed that hereafter American capital will flow into China in a great stream. This means a change of the policy of America toward the loan question in China. The quadruple group should take a new step to meet the new situation. It will not permit other nations to trample upon its privilege of making loans to China. Already a protest has been made to China during the Okuma Ministry against outside interference. If the American Government and the capitalists mean to change their policy and to make loans to China, they should expect to come into entangling conflict with other Powers interested in China. We do not like to see America coming into such conflicts. Beside, the Government and people of China are in need of outside financial assistance. China is like a small fish in a roadside pool. She will die like the fish after the pool dries up, unless relief be forthcoming at once. The European Powers are unable to come to the assistance of China now. Japan and America are the only two Powers available for borrowing. China is like a deer which is indifferent to the quality of sound. She

does not discriminate between any contracts or usages. To-day the best policy is to induce America to invest capital in China by bringing her into the international group. The Americans are now enthusiastic about investing capital in China. No matter under what name, such investment will be a political loan. The present is the most opportune time to take proper steps toward co-operation with the American Government and financiers."

Another Japanese view can be gathered from the following leader in the Tokyo *Yomiuri*:

"The quintuple group are justified in protesting against loans made by America to China. The Chinese Government is to be blamed for contracting loans outside of the group. But that it was compelled to seek loans outside the group was not the fault of the Chinese Government alone. Negotiations have been carried on several times between the Chinese Government and the quintuple group for a big loan, but these negotiations failed. There is not much possibility that the big loan will be pulled through at present. At such time, it does not require great intelligence to know that the Chinese Government will seek loans elsewhere. The Japanese are accustomed to say that Japan is the lord of the Orient, and that to guide and lead China is the duty of Japan. At the present time, when China cannot secure capital from Europe, Japanese capitalists should take the lead in assisting China. Japan, unlike America, is a member of the quintuple group. She is in a most convenient position to stand between the Chinese Government and the quintuple group. If the Chinese Government seeks relief elsewhere it reflects the negligence of the Japanese."

Along this line I noted the remarks made to a gathering of Tokyo newspaper men by Mr. Obata, on the occasion of his retirement from the councillorship of the Japanese Legation at Peking. He spoke of how differently the Chinese looked upon two proposed industrial loans to China, one of 5,000,000 yen (£500,000) by a Japanese company, and one of something like \$100,000,000 (£20,000,000) by American capitalists. The Japanese loan was the one which planned to acquire Chinese mining rights as security. The larger loan referred to was the American project which embraced the Siems-Carey railway scheme.

"The Chinese were furiously aroused," said Mr. Obata, "when they heard that their Government had concluded the loan with the Japanese, but they remained perfectly silent toward the big American loan. Both loans were aimed at developing sources of wealth in China. The American loan was far bigger and its terms were more strict, yet the Chinese objected to the Japanese proposition and silently accepted the American issue. This difference in attitude has a great deal to do with the future of industrial activities of Japanese capitalists in China."

Now for one last quotation, a brief one. The Osaka *Mainichi* printed a leader in November, 1916, in which it put three questions as to the conclusion of the \$5,000,000 (£1,000,000) loan by the Continental Commercial Bank of Chicago to the Chinese Government as follows:

"(1) Has the Chinese Government negotiated with the international group for cancellation of the previous agreement as to exclusive privileges of making loans to China?

"(2) Has the Chinese Government merely trampled the privileges of the group?

"(3) Have the group bankers taken proper steps to prevent the American loans or have they only let the Chinese trample upon their privileges?"

I have been careful not to quote weird excerpts from irresponsible Japanese newspapers. I have quoted only representative leading articles that carried in them the tone of popular or influential thought in Japan.

My stay in Japan convinced me that American capital will find little opportunity for independent investment in China, however non-political its schemes may be, if Japan can get her own sweet way.

Will she get her way?

She will unless the American Government makes a great fundamental change in its policy, which could only be born of a great change of heart.

All things are possible. The change of heart may come.

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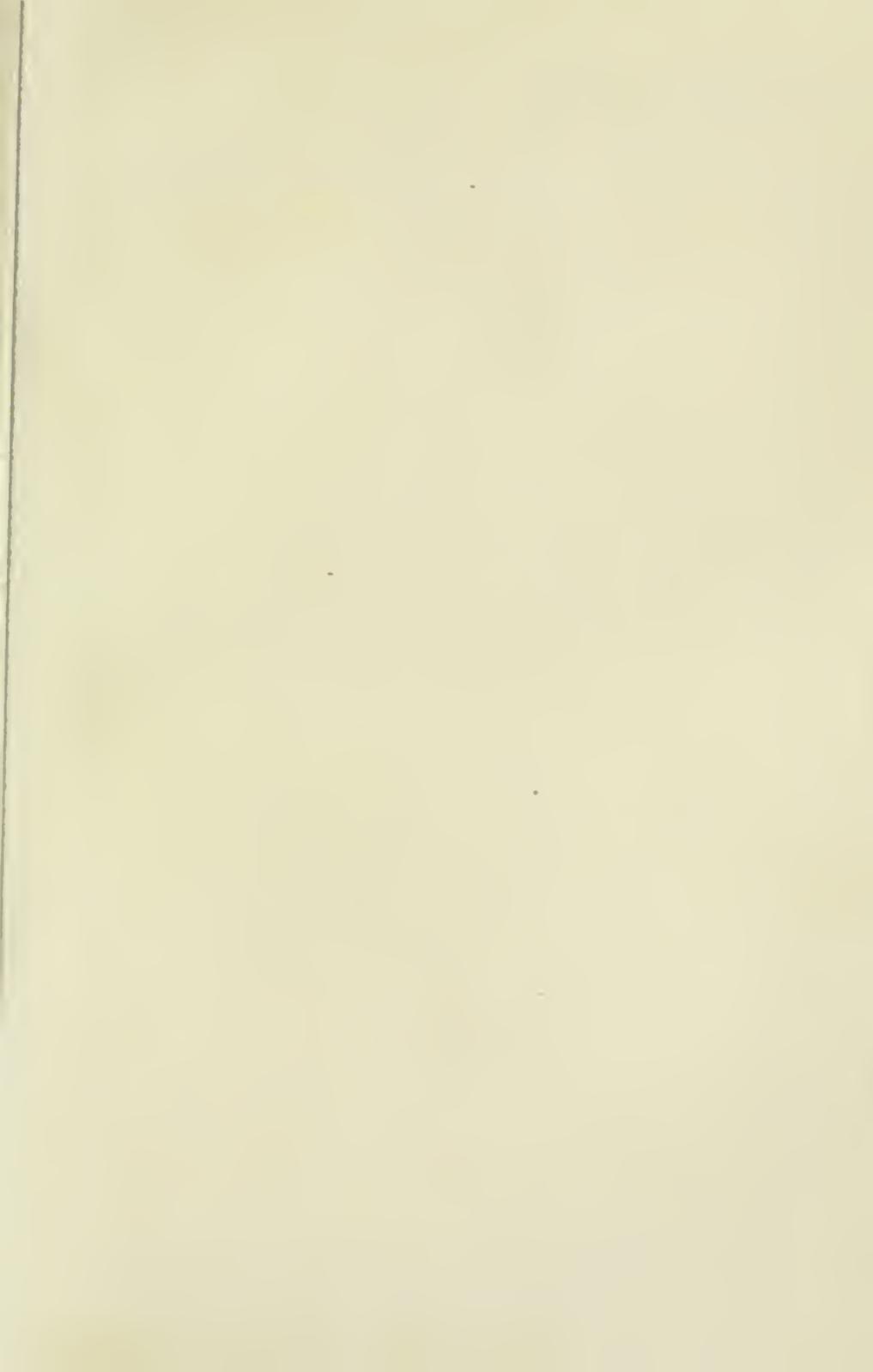
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